Daily Report

East Europe

FBIS-EEU-90-226
Friday
23 November 1990

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NOTICE TO READERS: * indicates material not disseminated in electronic form.

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Lukanov Supporters, Opponents Clash in Sofia

AU2111205790 Sofia BTA in English 2120 GMT 21 Nov 90

[Text] Sofia, 21 Nov (BTA)—The Security Forces in riot gear intervened today during a rally in support of the Prime Minister Mr. Andrey Lukanov in order to prevent a serious skirmish in Sofia's central square.

The rally was held after Socialist Party supporters marched in a procession along a downtown boulevard here. The marchers carried red flags and chanted "Lukanov, Lukanov". They issued a statement demanding a parliamentary vote of confidence for the one-party socialist government and "600 days of peace", i.e. without strikes and rallies.

Opposition supporters accompanied the procession chanting "Mafia", "Assassins" and "Resignation".

Almost simultaneously the students of Sofia's colleges, who have being sitting-in for a third week now, held their own procession and rally. They called for a nationwide strike starting November 23 if Mr. Andrey Lukanov's socialist government does not resign.

The guards of the students' rally prevented clashes between students and Mr. Lukanov's supporters.

Around noon today celebrated directors, actors and playwrights from the local theaters, filmmakers and art critics also demonstrated demanding Mr. Lukanov's resignation.

Dr. Konstantin Trenchev, the leader of the Podkrepa Labor Confederation, has asked parliament to allow him to explain to the MP's the motives for the nationwide protest declared by the members of the trade union organization. They declared a strike readiness and said they will go on general strike as from November 26 if the Lukanov administration does not resign.

BSP's Tomov Warns Against Street Demonstrations

AU2211094290 Sofia DUMA in Bulgarian 20 Nov 90 p 2

[Neofit Petkov report: "Aleksandur Tomov Says: Extra-Parliamentary Actions Are Likely to Precipitate the Country into Chaos"]

[Text] Mikhaylovgrad, 19 Nov—Aleksandur Tomov, first deputy chairman of the Bulgarian Socialist Party [BSP] Supreme Council, National Assembly deputy of the 72d Mikhaylovgrad Election District, stated as follows at a city-wide meeting with his constituents in Mikhaylovgrad. "If the government were overthrown by force of extra-parliamentary actions, the country might be involved in a chaotic situation and Europe might ostracize Bulgaria for several years." The meeting was also attended by National Assembly deputy Iliyan Iliev. An accountability report on the area's achievments during the period following the parliamentary elections on 10 and 17 June 1990 was submitted and the upcoming investments for the modernization of agriculture and food industry enterprises was discussed.

The citizens asked many questions related to the 100 days of the "Lukanov Program," about the work of the Grand National Assembly, and about a recent declaration of the Podkrepa Trade Union Federation. We should all join our efforts in building new Bulgaria, despite the numerous difficulties. These were the closing words pronounced at the meeting which lasted nearly three hours.

Party Statement on Escalating Tension

AU2311100090 Sofia DUMA in Bulgarian 22 Nov 90 p 1

[Text] Shall we again head along the road of threats, repressions, and revenge? We know this road and paid dearly because of it. This is not the road of Bulgaria, Aleksandur Lilov stated in an official declaration of the parliamentary group and Supreme Council of the Bulgarian Socialist Party [BSP], read on 21 November on Bulgarian Television "In the World and in Our Country" program.

Lilov's declaration expressed the opinion of the BSP on three matters:

First, concerning the resignation of the government. The parliamentary group will support the government, because it is legitimate, democratically elected, and competent. The prime minister will receive the vote of confidence of the socialist deputies, because his team has worked out a reform program, and they must be given the chance to implement it, Lilov said. In addition, for the time being there is no other alternative program, he pointed out. Lilov stated that the government is prepared to begin the reform immediately "without any delay, and without any illusions, regardless of the difficulties that lie ahead."

Second, about the mass rallies of the Union of Democratic Forces [SDS] in recent days. We do not question the legal right of the SDS to organize such actions, if the SDS thinks that they help the democratic process and contribute to resolving the acute problems, Lilov said. He expressed a categorical protest against the slogans calling for the BSP to be placed outside the law, the BSP to be sent to Siberia, and the use of violence against the Socialists. This cannot be viewed as a democratic attitude to other parties and only exacerbates the political situation, Lilov said.

Third, about escalating political tension. Recalling the extremist acts of the last few days, the sit-ins, and the general strike that is being prepared, Lilov said that this is the greatest threat for the democracy after 10 November 1989. The chaotic situation could lead to unforeseeable clashes and cataclysms, the declaration reads.

'Bulgarian Republic of Razgrad' Established

Assembly's 'Pro-Turkish Policy' Assailed

AU2211150790 Sofia BTA in English 1318 GMT 22 Nov 90

[Text] Sofia, 22 Nov (BTA)—"Outraged by the treacherous pro-Turkish policy of the Bulgarian parliament, concerned over the fate of our fatherland, the citizens of Razgrad relinquish the services of the central state leadership and, determined to stand up to the bitter end for the national interests of Bulgaria, have proclaimed the existence of a Bulgarian Republic of Razgrad," reads an address of the Regional Committee for Defense of National Interests. The address points out that the governing bodies of the "Republic" are the Strike Committee, that Bulgarian is the official language and that all citizens without distinction of religion have equal rights and obligations.

"The Republic of Razgrad recognizes all laws of Bulgaria with the exception of those which jeopardize its national integrity and degrade the national dignity of its citizens," said Mr. Evgeni Drumev, member of the leadership of the Regional Committee for Defense of National Interests. In his words, this act was a consequence of the regional committee's political declaration dated November 19 which declared parliament illegitimate and urged for an immediate moratorium on the amendment to the Bulgarian Citizens Names Act.

After a more than hour-long siege of the Regional People's Council, the Regional Committee supporters, who since yesterday include numerous schoolchildren, headed for the central town square to go on with their protest rally.

Children Taken To Occupy Town Hall

AU2211163990 Sofia BTA in English 1629 GMT 22 Nov 90

[Text] Sofia, 22 Nov (BTA)—After this morning the extremist nationalistic Committee for the Protection of National Interests declared the establishment of the "Razgrad Republic of Bulgaria," activists of the committee took a group of 10-12-year-old children to the town hall to occupy it. The activists warned school headmasters not to punish the pupils who are absent from classes these days. So far all attempts of the provisional administration of the town to get in touch with the impostors and negotiate with them have been in vain.

The BTA has no information as to the numerical strength of the nationalistic committee, but the prevailing opinion is that it includes members of the former Communist Party's nomenclature who in one or another way are involved in the violent acts against the ethnic Turks in the 1984-1989 period.

The Committee for the Protection of National Interests in Khaskovo has accused the Grand National Assembly of having given to the ethnic Turks an opportunity to form an ethnic minority by making it possible for them to restore legally the Turko-Arab names they were forcibly deprived of at the time of Zhivkov's regime.

Assembly Deputies Comment

AU2211213490 Sofia BTA in English 1942 GMT 22 Nov 90

[Text] Sofia, 22 Nov (BTA)—A BTA reporter asked two politicians in parliament to comment on the announcement about the establishment of the "Razgrad Republic of Bulgaria".

According to Dimitur Arnaudov, chairman of the Fatherland Party of Labor, the term is not correct. "The question is about the practical implementation of the idea of civil self-government. The local population refuses to recognize the interim municipal administration and and has chosen the form of self-government instead". Mr. Arnaudov has heard that three bills have already been passed by the newly established administration. The first of them makes provisions for the equality and the responsibility of all Bulgarian citizens before the law, irrespective of their sex, age and religion. "For ten months now the people in the regions of Razgrad and Kurdzhali have been waiting for the legalization of the decisions laid down in the declaration the Grand National Assembly approved in January this year, but the people have been lied to, and concessions have been made to the Movement for Rights and Freedoms something I would qualify as a political blunder of historical significance," he said. "I think that the establishment of the "republic" is an act of separatism. In my opinion the population in the region consider that they cannot rely on protection on the part of the state and the government and have transferred into reality their own idea of equality and democratism. The people have realized that they can live only if there is social peace and legal guarantees for those social relations which, due to political biases, are disguised by using the term "ethnic conflict". I am categorical: There is no ethnic conflict. Unfair use is made of the term, something every reasonable man can realize," Mr. Arnaudov said.

According to Mr. Arnaudov now the Committee for the Protection of National Interests is about 40 thousand people strong. The members of the committee in Razgrad are about six thousand. The population of this town is 45 thousand.

Ahmed Dogan, chairman of the Movement for Rights and Freedoms, said: "I cannot comment on the establishment of the 'republic', because I have not information enough. I think that a group of people sharing extreme rightist views are making unfair use of the ethnic problem. The events should be treated as a reaction against the bill amending the Bulgarian Citizens Names Act. In my opinion this is separatism in action. The Movement for Rights and Freedoms has always stood for consolidation and against any autonomy. And now it happens that the people who pretend they are fighting for Bulgaria's sovereignty have proclaimed a

'republic' of their own. In this case the Law should be applied with its full strength," Mr. Dogan stated.

Thousands Gather To Demand Lukanov's Resignation

'At Least' 10,000 Surround Assembly Hall

AU2211154190 Sofia BTA in English 1521 GMT 22 Nov 90

["Tension Around Parliament Mounts"—BTA headline]

[Text] Sofia, 22 Nov (BTA)—There are at least 10 thousand people around the building of the National Assembly who have been chanting "resignation" since the beginning of today's parliamentary sitting, from which a settlement of the problem of the present government is expected. The crowd of demonstrators is swelling. They insist on the resignation of Prime Minister Andrey Lukanov and carry posters against the Communist (the present Socialist) Party. Some of the posters "Outlaw the BSP [Bulgarian Socialist Party]". The multitude is chanting tirelessly. The building of parliament is surrounded by the crowd on all sides.

Tension is felt in parliament too. The guard is reinforced. The policemen around the building carry batons and gas masks. The parliamentarians are hurrying through the items on today's agenda. They are also eager to open the debates on the draft budget submitted by the government. The passing of the budget would mean a vote of confidence in the socialist government.

There is some talk in the parliamentary lobbies that Mr. Andrey Lukanov might resign. In the meantime Mr. Lukanov took the floor to express his opinion on a draft law. He looked composed.

Dissenters Outnumber Lukanov Supporters

AU2211185890 Sofia BTA in English 1822 GMT 22 Nov 90

[Text] Sofia, 22 Nov (BTA)—While the national representatives at the Grand National Assembly engaged once again in heated debates over the draft for updating the state budget submitted by Prime Minister Andrey Lukanov's government, in the afternoon and this evening the center of Sofia was blocked by demonstrators who either insist on the resignation of the government (most of them) or categorically support Mr. Lukanov (their group is less numerous).

Several thousands of students marched across the center of the city and several thousands of citizens joined their March. The immediate resignation of the government was demanded and the readiness was confirmed for joining the general political strike next Monday [26 November] if Mr. Lukanov does not resign. The actors of the Sofia theaters also joined the students. The procession passed along the central streets and then went to the building of the National Assembly by 19:00 hrs [1700 GMT]. There were almost 50 thousand people there, most of them carrying lit-up candles for the Socialist Party marched along other streets, guarded by a dense line of policemen equipped with shields, helmets and batons. It was necessary to guard their march because the supporters of the Socialists were surrounded by several thousands of followers of the opposition. The Socialists' procession, 90 percent of the participants in which were very old ("two-thirds of them had walking sticks," a reporter said) ended with a short rally in the central square in Sofia, called "the Ninth of September" by the Socialists and "Demokratsiya" by the opposition. Almost nothing could be heard at the rally because the opposition counter-demonstrators drowned the socialist speakers. The dense line formed by the policemen prevented any incidents. According to information received from the police, yesterday in the same place three citizens and three policemen were injured when the police intervened to divide the opposing groups which shouted at each other.

After the rally ended the Socialists dispersed, guarded again by the police. The supporters of the opposition joined the thousands-strong crowd of demonstrators surrounding the building of parliament. There is a public address system there through which the parliamentary debates can be heard in the square.

At some time the demonstrators broke the line of the police and a group of policemen from the special anti-terrorist units entered the foyer of parliament. They left the building quickly, after the national representatives of all parliamentary factions categorically protested against the presence of armed persons in the building.

SDS Moves on No-Confidence Vote Against Lukanov

Commotion in Chamber Reported

AU2211191990 Sofia BTA in English 1859 GMT 22 Nov 90

[Text] Sofia, 22 Nov (BTA)—This evening the parliamentary Union of Democratic Forces [SDS] moved for a vote of non-confidence in Mr. Lukanov's one-party Socialist government.

It raised hell in the session hall. M.P.'s from the Bulgarian Socialist Party [BSP] knocked down the mikes and rushed forward to push out of the tribune the spokesman of the SDS who wanted to read a declaration in which the arguments for the motion are put forward.

The chairman of the sitting declared a break, but the M.P's did not obey.

Ten minutes later they calmed down because it was explained that a group of national representatives has the right to move for a non- confidence vote at any moment.

Further on No-Confidence Vote

AU2211220090 Sofia BTA in English 2015 GMT 22 Nov 90

[Text] Sofia, 22 Nov (BTA)—The opposition Union of Democratic Forces (UDF) [SDS] moved for a vote of no-confidence in the government headed by Mr. Andrey Lukanov.

This evening the opposition declared themselves for forming a government of confidence and national salvation. Bulgaria needs a new government which should be made up of people who are not involved with the Communist regime.

The Socialist M.P.'s tried to drive opposition M.P. Aleksandur Yordanov away from the tribune. He wanted to read the declaration of the UDF. National representatives of the UDF intervened and thus a scandal broke out which has no precedent in the first democratically elected Bulgarian parliament. The M.P's jostled each other. One opposition M.P. warned the chairman of the Grand National Assembly not to call the Red Berets (the special anti- terrorism units). He was prompted into doing it by another scandal which had broken two hours earlier in the lobby, after which the Red Berets entered the building of parliament, but left it shortly at the insistance of the UDF.

Both one-party governments formed by Mr. Andrey Lukanov this year have been catering for the interests of the Bulgarian Socialist party (BSP), the opposition stated. The economic chaos in the country is growing. Behind the scene the government is creating conditions for transforming the property of the Socialists and the state into private companies. The program of the government is a compilation of the election platform of the UDF and the program worked out by the U.S. team of Dr. Rahn and Dr. Utt. The opposition insists that Mr. Lukanov should be held responsible for placing himself above parliament and for the inactiveness of his government.

After the declaration of the UDF some leaders of the Socialist Party pointed out that much of the credit for the democratic process in the country goes to Mr. Lukanov and reminded his contribution to the election of opposition leader Zhelyu Zhelev, president of the country.

Prime Minister Lukanov tried to bind the passing of the budget to putting trust in the government for its next 100 days. The government has made some amendments to the draft of updating the budget which is to be put to a second-reading vote: The deficit mentioned therein is greater than that in the initial amendment.

The leader of the radicals in the parliamentary group of the BSP moved for a secret ballot. Obviously the matter has been discussed by all socialist MP's. Orthodox Socialists also insist on holding a secret ballot.

In his speech he made in connection with the draft budget Mr. Lukanov called once more for consensus over the program of his government and underlined that he had "the absolute support of the international institutions".

Mr. Lukanov said that the protest campaign launched in the country against the Socialist government is "unprecedented". He accused the UDF of using "totalitarian stagings". The opposition reacted with irony to his words. The BSP leaders blamed the opposition for having organized extraparliamentary pressure on the government. The thousands-strong crowd surrounding the building of parliament reacted outrageously to all events inside. They can follow the course of the debates by the direct radio broadcast. The parliamentary majority behaved in a way as if they believed in the endless patience of the demonstrators outside.

Vote Expected During 23 Nov Session

AU2311074190 Sofia BTA in English 0724 GMT 23 Nov 90

[Text] Sofia, 23 Nov (BTA)—At the beginning of today's parliamentary sitting which will be opened at about 12:00 hrs. [1000 GMT] the Bulgarian parliament is to vote confidence in the government.

The moment when I will make my personal choice is coming, but I insist on a vote of confidence in the government, Prime Minister Lukanov stated last night.

Forty-six percent of the MP's approved the changes in the budget drafted by the government. The budget was passed one hour after midnight, after dramatic debates. The opposition national representatives of the Union of Democratic Forces (UDF) [SDS], the Bulgarian Agrarian Party and the Movement for Rights and Freedoms did not take part in the vote. Only the Socialists and the independent MP's cast their votes. Of 204 MP's who took part in the procedure (the seats in parliament are 400, 211 of them are held by Socialists) 186 approved the budget, ten MP's voted against it and there were seven abstentions.

MP Rumen Vodenicharov, who for a long time has been in conflict with the UDF leadership, finally joined the majority. I'm joining the center, he said, after accusing the UDF of hindering the reform in the country. He charged one of the UDF leaders with time-serving and power-loving.

The opposition reminded Mr. Lukanov's statement that if the budget was not given broad support he would resign. The question of a vote of confidence in the government was raised again.

There were demonstrators around the building of parliament until the end of the sitting, although they were less numerous than at the beginning of the debates.

Lukanov Addresses Assembly; Reaffirms Pledge

AU2211192390 Sofia Domestic Service in Bulgarian 1710 GMT 22 Nov 90

[Statement by Coucil of Minister Chairman Andrey Lukanov at the Grand National Assembly in Sofia—live]

[Text] Esteemed Mr. Chairman, esteemed ladies and gentlemen National Assembly deputies, before we proceed to vote on the draft law on amendments to the budget, I would like once more unequivocally to stress my understanding for the subject we are voting upon, for the purpose, and usefulness of this vote, and also my idea on what we are voting against, but also my convictions about the results of this vote.

Please, listen to my statement. I would like to say that we are not voting only on amendments and corrections to the 1990 budget. These corrections represent the transition to an active implementation of the basic principles of economic reform which are laid down in the government program for a further democratization of society and for speeding the transition to market economy. If the draft budget does not obtain the convincing support of the Grand National Assembly it would mean withholding the necessary broad parliamentary support for the economic reform in the form in which it was submitted to you by the government.

I already had the opportunity of stressing before you and the whole Bulgarian public that under the current dramatic circumstances of the economic crisis, which are presumably bound to further deteriorate for a certain period, the reform can be implemented only with the contribution and efforts of all Bulgarians.

Our nation must be ready to understand and accept the necessity of this reform, the inevitability of urgently restricting consumption, and the inexorable fact that only the most intense and purposeful efforts of all people are capable of rescuing our country from the crisis and will prevent total economic disaster.

The national consensus is not somebody's brainstorm, or a naive dream. It is absolutely necessary and it is the special duty of the men and women who are sitting in this hall on the basis of the people's will to implement this goal.

I must remind you once more that parliamentary and public support for the reform is the decisive prerequisite for international assistance to the Bulgarian economy. The talks which we conducted together with President Zhelev in Paris once more convinced us that Bulgaria cannot rely on the envisaged multilateral assistance, such as the assistance of the so-called [word indistinct] plan, of the 24 countries, of the IMF, the International Bank for Reconstruction and Development, and it could not rely on bilateral assistance, as long as we do not subject selfish goals and ambitions to the real, long-term interests of the Bulgarian nation.

I am talking about potential assistance worth several billion dollars, without counting the influx of private capital. We have no right to jeopardize this great chance. No one will and no one should forgive this. The more so, considering, as already stressed, that the reform program proposed by the government enjoys the full support of international financial institutions and of our major Western partners.

I would also like to stress that the acceptance of the budget will determine the government's capability to pursue the implementation of the timetable for the first 100 days of the reform which was already made public and submitted to all National Assembly deputies. This timetable is being strictly implemented for the time being, and the government has reported to society on the full implementation of the measures envisaged for the first 10 days of the timetable. This fact shows for itself that the thesis about the government's inactivity is good for rally speeches, but does not stand the test of hard facts.

To act even more resolutely, we need nothing but to vote for the budget and to accelerate the adoption of the fundamental laws, some of which were submitted to you several months ago. Without all these prerequisites the reform cannot be pursued.

In other words, with your vote you will not only support the amendments to the budget, but also the already implemented measures for the forthcoming 90 days which have been envisaged by the government.

Let us say a few words about amendments to the budget: People in this hall have been talking about fake measures. I must say that the Council of Ministers has never intended to submit basic amendments to the budget. This would be incorrect and inadmissible. Our only objective was to facilitate the first stage of the transition to the new economic conditions, to alleviate the social burden by simultaneously trying to avoid that the basic principles and goals of the first stage of the reform be jeopardized, which applies in particular to the financial stabilization.

I am just surprised that those who recently criticized the government for [words indistinct], are protesting today that the government is proposing a more moderate option, following their own recommendations.

The compensations for the hardships are totally preserved, as announced in the mass media, which includes also the full compensations for child care in connection with the increase of prices. The government proposes an option for the protection of the people's savings which is socially acceptable, and simultaneously is in accordance with the anti-inflation policy which the government intends to pursue.

Last, but not least, it is really a question of confidence in the government and in its reform program. If you give us your vote of confidence by accepting the budget, we shall unceasingly continue to implement the envisaged measures. If we should not obtain your vote of confidence, I

will resign from my functions as chairman of the government, as I have already declared.

If this happens, I think that everyone in our country and abroad will realize who is obstructing the reform and that ambition is the main obstacle to national consensus and unity of action.

Today, everyone is assuming his responsibility. To those who are withholding their vote of confidence from the government, I would like to say that they are thus assuming responsibility for submitting another program and other solutions to the Bulgarian people.

I already described the consequences. This would result in a disastrous waste of time, and hence lead to a further economic deterioration, to a further deterioration of our domestic market. It would even more shake the willingness of the international community to assist the Bulgarian people in this difficult period of our people's transition to democracy and market economy.

In these days we have witnessed a campaign against the chairman of the government, which is unprecedented in the postwar period. The goal of this campaign was and is to force me to resign, not only from my present post which would be a blessing for me, but also to force me to give up my identity as a citizen and as a political figure, to resign from my duty to the people of this country. This duty is not to betray and not to sell democracy. It is not to permit that in a country which claims parliamentary democracy and legal order that the government should be the toy of extra-parliamentary staffs which are acting according to a notorious totalitarian scenario.

This shall not happen. Politics is not a poker game and (?rumors) are not the main weapons here; we also need moral standards. Therefore, I will not answer the innumerable slanders and insinuations, I leave them to the conscience of their authors. I would just like to tell them that this is not one of the cases when quantity becomes quality. I would also like to stress that I evaluate the practice of systematic and consistent obstruction of every step and action taken by the government, accusing it of inactivity, as outrageous and shameless political cynicism.

Today, the government is acting. I call on you, esteemed ladies and gentlemen, National Assembly deputies, to act together. This will depend on your vote.

In conclusion, I would like from this rostrum to express my sincere gratitude to the thousands of citizens in our country who over these days supported the government against the attempts to exert a shocking, organized pressure, which is totally undemocratic in its essence.

Thank you for your attention.

Nationwide 26 Nov General Strike Still Threatened

AU2211151090 Sofia BTA in English 1443 GMT 22 Nov 90

[Text] Sofia, 22 Nov (BTA)—The strike alertness declared by the Podkrepa Labor Confederation on Monday [19 November] has spread over the whole country, Podkrepa leader Konstantin Trenchev stated today. All big cities are ready to go on strike.

The strike will begin on November 26 and will last until Mr. Lukanov resigns.

According to Podkrepa leaders it will be an unprecedented strike in Bulgaria.

The workers in power generation, transport, the construction industry, health care, services, communications, the mines and other branches are ready to go on political strike. The Podkrepa leadership can hardly restrain the workers from going immediately on strike.

We appeal on Mr. Lukanov to show common sense, Dr. Trenchev underlined. His government is paralyzed, things cannot go on like that any more. The Bulgarians' discontent can explode and assume uncontrollable proportions.

The next government can apply the same measures Mr. Lukanov proposed, but the latter has lost the moral credit he was given and cannot regain it any more, Dr. Trenchev pointed out.

Podkrepa is for a new government, but against a parliamentary crisis.

The Podkrepa leader considers that the formal trade unions should make their position more clear; they also insist on Mr. Lukanov's resignation, but say they will start "trade union drives" on Monday [26 November], without specifying what exactly the drives would be. According to Dr. Trenchev the Independent Trade Unions will join the general strike declared by Podkrepa in many places in the country.

Opposition's Ultimatum to Government Denounced

AU2211114190 Sofia DUMA in Bulgarian 20 Nov 90 p 1

[Unattributed DUMA editorial]

[Text] The opposition threatens us with no less than an ultimatum this time. The deadline is supposed to be Thursday, 22 November. According to Petur Beron, leader of the Union of Democratic Forces [SDS], we should wait, and if the Socialist Party [BSP] does not listen to reason, its fate will be decided by the street mob. At the SDS rally held last Sunday, 18 November, Petur Beron advised his supporters to watch television next Thursday, 22 November, and to act accordingly if Lukanov should not resign. This is no longer a wish, it is a proper password for actions likely to blow up the whole country.

It would be unwise not be believe the opposition leader's words. Everything shows that the most aggressive wing of the SDS has decided to go over to the attack. This wing is reaching for power, which it is ready to seize not tomorrow, but today, and it is ready for everything.

In view of this publicly expressed intolerance, the situation in our country has escalated to a dangerous state of extreme tension. We are confronted with a choice that is supposed to determine the further development of Bulgarian democracy. Either we promptly choose an SDS government today, or we have to expect a general strike, disorder, and unpredictable clashes. It is unnecessary to stress that those who are trying to precipitate us toward chaos are not aware of its consequences. Bulgaria will not only loose its internal peace, but it will disgrace itself in front of world public opinion. None of these prospects seems very promising. Political disorder is likely to exacerbate the country's economic and moral crisis.

This is the reason why the time has come for each of us to make his choice about the path of our country's future development. Will we choose the extremely hard, but solely rescuing path of Lukanov's reforms, or the path of street fights and irresponsible power struggle?

Our appeal is that we should all rally around common sense and prevent chaos from prevailing over the life of our society. Let us support the legitimately elected government. Let us give it the opportunity of mobilizing the nation's efforts and and starting its normal work. Unless we do so tomorrow, we will all be the victims of destructive forces in the near future. There will only be noisier street demonstrations and even more empty stores.

We call on all citizens—young and old—regardless of their political affiliations to give a chance to Lukanov and his government. This time the so-called national consenus is more than desirable. It is urgently required. It is only with joint efforts and joint confidence in the legitimate government, that our people will be capable of escaping the deadlock of endless troubles and of advancing toward a happier future.

Let us hope that all political forces in parliament will demonstrate their wisdom and support the first, decisive steps of the government's reform. If we fail to do so—we will all suffer. Not only the BSP, but the whole country will be in a most critical situation. Only the devil knows what is awaiting us in such case!

SDS Leader Beron Prepared To Form Government

AU2211150990 Sofia DEMOKRATSIYA in Bulgarian 15 Nov 90 pp 1, 2

[Interview with Petur Beron, chairman of the Coordinating Council of the Union of Democratic Forces, by Atanas Tsonkov; place and date not given: "What Government Does Bulgaria Need"]

[Text] [Tsonkov] In his Bulgarian Television interview President Zhelev said that the next government will have the role of kamikaze. Is the Union of Democratic Forces [SDS] prepared to form a self-sacrificing kamikaze government?

[Beron] Four of the organizations which form the SDS are prepared to form such a government already today. Those are the Green Party, the Radical Democratic Party, the United Democratic Center, and the Federation of the Clubs for Glasnost and Democracy. All other organizations in our union are prepared to support such a government. Some of them in principle cannot participate in the executive branch of the government, others do not wish to join the government at this stage, because they think that the government most probably will burn itself, and those who were outside could form the next government.

[Tsonkov] Nevertheless, in the name of what is the SDS prepared to form a government, which obviously, will encounter great problems?

[Beron] First of all, this forecast—that the government will immediately burn itself—is not sure at all. This government will start from zero, from complete chaos, and whatever it does afterward, if it follows the right direction, it will do something positive for our people. This would also be a psychological turning point in our history. Bulgaria needs a government of the united opposition. This is very important for our country from a psychological point of view. The people must see it to believe that something like this is possible....

[Tsonkov] Would you head such a government?

[Beron] Yes. I think that it is appropriate for the leader of the opposition to assume this responsibility. Furthermore, I am not a member of any party, and only member of "Ecoglasnost." If I am eventually elected, I shall withdraw from the leadership of the SDS, the leadership of the SDS parliamentary group, and "Ecoglasnost" Secretariat.

[Tsonkov] Do you realize that it is absolutely unclear how much longer Bulgaria will continue to slide toward the bottom, and who will rule the country?

[Beron] For a certain period of time it will be very difficult, however, soon the people will sense the change. What I said about the psychological factor is very important. One cannot destroy the totalitarian structures by walking around them or looking at them. Such structures can be destroyed only from within.

[Tsonkov] What is your project for the blue government?

[Beron] It will not be only a blue government, but the blue will certainly be the dominating color. I see the government in the following way: The prime minister—SDS; several deputy premiers from the SDS, the Bulgarian Socialist Party [BSP] and the Bulgarian Agrarian National Union [BZNS]; The key ministries must be in the hands of the SDS....

[Tsonkov] What ministries do you define as key ministries?

[Beron] The Ministry of Internal Affairs—by all means; The Ministries of Foreign Affairs, Finance, Economy, Defense, and Justice.... The issue of the Ministry of National Defense a complicated one. The Army is a very specialized institute and its affairs must be decided only on the basis of consultations with the Army itself.

[Tsonkov] How do you visualize cooperation with the BSP within the government?

[Beron] This cooperation should be a matter of loyalty and honesty. In addition, I suppose that the BSP members who will enter the government, will be representatives of the BSP radical units, who also support a radical change, thus have no reason to fear such a change.

[Tsonkov] Are you not concerned that the SDS or the SDS government will be compromised by the presence of the BSP representatives?

[Beron] No, on the contrary. I am not prepared to form a purely SDS government at the moment, even if somebody serves me such a government on a silver plate. I categorically oppose such an idea. We must have the support of the parliament. The participation of the BSP in the government predetermines to a certain degree such support. In addition, about 50 percent of the population support the establishment of a coalition government dominated by the SDS. We cannot rule with 50 percent of the population. We must take into consideration the views of the other 50 percent. Our goal is to rally the people and urge them to work, so that they could sense the change and find their place in it.

[Tsonkov] Excuse me, but the name of Manol Manolov is mentioned as one of the members of the group of the 16 BSP member who are ostensibly erecting a bridge between the BSP and the SDS. If I remember correctly, before the elections he wanted to set fire to himself because Sofia was a blue city.... How do you imagine any cooperation with such people?

[Beron] This is so, but I also like the proverb: Look at what they do, not what they say. Let us see what they do....

[Tsonkov] You said that Mr. Lukanov is a gentleman, and that if his resignation is requested, he will resign.... What if he does not turn out to be such a gentleman?

[Beron] If he does not turn out to be a gentleman, we shall treat him as a nongentleman. However, I do not suppose this will happen.

[Tsonkov] Parliamentary or street democracy—which of them gives Bulgaria a real hope at the moment?

[Beron] The parliament must exist and work. However, one cannot overlook what the masses are saying through various legal forms, such as rallies, processions, resolutions, and all the rest which is within the law. This must be taken into consideration.

[Tsonkov] the government issued a declaration according to which the students' sit-ins are illegal. What do you think?

[Beron] First of all, "legal" and "illegal" is something for the jurists. In addition, I to not tend to give absolute meaning to those concepts. There are many things which are legal, however, they also are purposeless or oppose the interests of the people.... For example, Hitler was legally elected. He came to power legally, through elections. Our governments in the last 45 years also were legal (according to the communist law). The collection of signatures by Ecoglasnost on 26 October 1989 was perhaps illegal, but became an event in our life greeted by all. There are written laws and unwritten human laws which exist within us. Therefore, in anything related to the students' strike—we believe that the students' demands are fully justified and we support them. They are a part of the opposition's demands. However, my personal opinion, (although here I actually express the opinion of the SDS Coordinating Council), is that it is inadmissible to allow sit-ins in public buildings. The university or any other public building cannot be occupied by strikers. Other forms of protest must be used....

[Tsonkov] Do you think that the sit-ins could be a provocation?

[Beron] There is such an opinion, because the Rectors' Council supported the sit-ins. This was hardly accidental.... It is forbidden to utilize the pure aspirations of the young people for other goals.

[Tsonkov] As far as I know the SDS still relies on this parliament and this seems naive to me. Is it realistic to believe that you could overturn the balance of forces in the parliament?

[Beron] Yes, it is realistic. There are many members of the BSP parliamentary group who understand that they should not be thrown in the same heap with various criminals, who also are BSP members. It is not just or correct to treat those different groups in an equal manner. They simply must—and now they have this opportunity—dissociate themselves from the criminals.

Signatures Supporting Lukanov Collected in Pleven

AU2211105790 Sofia Domestic Service in Bulgarian 1000 GMT 22 Nov 90

[Text] On 22 November in Pleven, People's Representative Anzhel Vagenshtayn and representatives of political organizations and movements, presented lists with more than 5,000 signatures in support of Andrey Lukanov's government. Many citizens sent letters, telegrams, and declarations to Dr. Zhelyu Zhelev, chairman of the Republic, the Grand National Assembly, and DUMA, in which they express support for the government and demand a peaceful transition toward renewing our society, which has embarked upon the road of democracy.

Bulgarian Socialist Party Expands Presidium

AU2311084090 Sofia DUMA in Bulgarian 22 Nov 90 p 1

[Text] 1. The Supreme Council of the Bulgarian Socialist Party [BSP] assesses that overcoming the exacerbated political crisis in the country, continuing and accelerating the change within the BSP, consolidating the reform forces in the party, and rallying the party leadership as personified by the Supreme Council and the Presidium are of fateful importance for the party.

It is the duty of every member of the BSP Supreme Council and the Presidium to do everything that depends on him to eliminate everything that could prevent such rallying of the party leadership on the principled foundation of the party platform and the program of action, adopted by the 39th BSP Congress.

2. The BSP Supreme Council elects the following comrades members of the Presidium: Aleksandur Marinov, Anton Grigorov, Apostol Dimitrov, Georgi Bozhinov, Doncho Konakchiev, Zhan Videnov, Krasimir Zhelyazkov, Petya Shopova, and Svetoslav Minchev.

3. The BSP Supreme Council considers it correct to hold an extraordinary 40th BSP Congress following the 1991 municipal organs elections. The congress will deal with the situation in the country and the ensuing tasks of the party and its leadership.

Will Vote for Lukanov Government

AU2211082890 Sofia BTA in English 2142 GMT 21 Nov 90

[Text] Sofia, 21 Nov (BTA) — The parliamentary faction of the Bulgarian Socialist Party will uphold and vote for Lukanov's government, in support of Prime Minister Andrey Lukanov, says a formal statement of the BSP leadership and parliamentary faction read on national television this evening by their leader Mr Alexander Lilov. The socialist MPs will also vote in favour of the government-proposed national budget for the period until the end of the year.

The Socialists' leader noted that, clearly, the point at issue in parliament tomorrow will not be the national budget but the fate of the government. Motivating the Socialist MPs decision, Mr Lilov said that the government is legitimate, democratically elected after the Socialists won the elections; that the government worked out and submitted to parliament an economic reform programme and should be given a chance to implement it; that the cabinet members and the prime minister are competent people.

Mr Lilov recalled that the Socialist Party has always favoured a national concord government. "As the opposition refuses to take part in such a government, we have no other choice left: Andrei Lukanov's government must function," Mr Lilov said.

In connection with the numerous opposition rallies demanding the resignation of the one-party government, Mr Lilov warned that "the country may be plunged into a situation of chaos with unforeseeable consequences."

Non-Parliamentary Parties Will Join Coalition

AU2111150890 Sofia BTA in English 1448 GMT 21 Nov 90

[Text] Sofia, 21 Nov (BTA)—The Christian Republican Party, the Republican Party, the Liberal Party and other parties not represented in parliament, affiliated to a Consultative Council under the auspices of General Atanas Semerdzhiev, vice president of the Republic, have expressed readiness to participate in a coalition government.

Mr. Konstantin Adzharov, Mr. Lenko Rusanov, Mr. Kiril Borisov and other leaders of extra-parliamentary parties spoke about the need to form a national salvation government and expressed readiness to join it along with the major political forces.

The representatives of the extra-parliamentary parties protested against the "news blackout" which they say has been imposed on their activity.

University Rectors Express Concern Over Sit-Ins

AU2111145590 Sofia BTA in English 1317 GMT 21 Nov 90

[Text] Sofia, 21 Nov (BTA)—The rectors of the occupied higher educational establishments and Prof. Iliya Konev, minister of science and higher education, are concerned over the students' sit-ins. Today they decided to insist on an urgent meeting with the president and the prime minister.

Of a total of 70, 62 senior and junior colleges around the country are already occupied. The strikers have come under pressure to give up their protest by persuasion and ultimatums, but they are adamant in their demands and do not intend to yield.

They want the BSP [Bulgarian Socialist Party] property to be nationalized, the culprits for the crisis to be brought to trial, the secret police informers in parliament and the universities to be identified. In their latest declaration the students say they will not call off their sit-in strikes until the new government starts fulfilling their demands or at least provides guarantees that they will be met within a definite period of time.

Precisely this demand troubles the rectors. They fear that the fulfillment of the demands will be delayed and the academic year may have to be canceled.

Academician Nikola Popov, rector of the St. Kliment Okhrdiski University of Sofia, is particularly concerned. He believes that the political forces want to use him "to wash their hands" as they press him to agree that the

security forces intervene to restore order in the university. Both Academician Popov and the other rectors were categorical: They will not allow police on the campuses by any means. On the other hand, the government exerts pressure on them. The Prime Minister Mr. Andrey Lukanov told Academician Popov that if the strikes go on and the university term is wrecked, he will stop funding the institutes of higher learning.

At today's meeting of the board of rectors it became clear that the students' social demands are almost fulfilled or at least agreement has been reached on the. The political demands, however, are still outstanding. The rectors do not oppose them but declare themselves against the sit-in form of protest.

The problem seems almost insoluble. Tomorrow's sitting of parliament will be crucial, as the Prime Minister Mr. Lukanov is expected to take the floor. His possible resignation could provide some way out of the situation.

National Flag Revised; Coat of Arms Removed

AU2211152190 Sofia BTA in English 1440 GMT 22 Nov 90

[Text] Sofia, 22 Nov (BTA)—The Bulgarian national flag will no longer have a coat of arms in the top left corner. It is a tricolor, with three horizontal strips: white, green and red. This decision was made by the Grand National Assembly today. By the adoption of the amendment to the Constitution parliament restored the historical tradition according to which there was no coat of arms on the flag. Recently parliament has changed the country's former name, the People's Republic of Bulgaria, which now became the Republic of Bulgaria. A change of the coat of arms which still includes communist symbols is being also discussed.

Treaties Prohibiting Dual Nationality Rejected

AU2211083690 Sofia BTA in English 2145 GMT 21 Nov 90

[Text] The Grand National Assembly denounced conventions, treaties and agreements with the GDR, Mongolia, Poland, Romania, Hungary and Czechoslovakia concluded between 1958 and 1983 and eliminating dual nationality. It was emphasized in the debate that this is yet another step towards democratization and liberalization of civil rights and freedoms legislation. After the foreign travel regulations were liberalized and a possibility was provided for permanent resettlement abroad without the loss of Bulgarian citizenship, the Bulgarian nationality act was amended to accommodate dual nationality.

National Assembly Bans Export of Foodstuffs

AU2111212290 Sofia BTA in English 2046 GMT 21 Nov 90

[Text] Sofia, 21 Nov (BTA)—Parliament today voted a decision restricting the export of meat, meat products, live animals and dairy products. By the end of the year export will be possible only under a license issued by the Ministry of Foreign Economic Affairs in fulfillment of contracts with the Soviet Union in exchange for oil and with Cuba in exchange for sugar and molasses. Export will be also possible in exchange for import of scarce products. Parliament ruled that meat and dairy products export licenses will not be granted to private companies until the end of the year if they do not produce the goods covered by the moratorium. The decision is prompted by the acute shortage of food on the Bulgarian market.

MP's of the opposition Union of Democratic Forces (SDS) demanded a review of the licenses already issued to private companies which allegedly export meat and clandestinely deposit large amounts of money abroad. The opposition moved that the private companies' licenses be withdrawn. The motion was carried.

DPS Says Reports of Ethnic Tension Exaggerated

AU2111202690 Sofia BTA in English 1836 GMT 21 Nov 90

[Text] Sofia, November 21 (BTA)—MP's representing the Movement for Rights and Freedoms [DPS] (which has a predominantly ethnic Turk membership) today denied in parliament the reports of mounting inter-ethnic tensions in the mixed population areas.

The tensions resurfaced after the Grand National Assembly carried amendments to the Bulgarian Citizens Names Act, allowing ethnic Turks to restore their forcibly changed names without the suffixes typical of Bulgarian names and according to a simplified procedure. Most politicians and a large section of the public see this act as crucial for the country's democratization, but it also gave rise to protests over the parliamentarians' "national apostasy". It was reported that 2,000 Bulgarian families are seeking political asylum in Greece.

In this connection, a Movement for Rights and Freedoms spokesman told the BTA that the movement has checked the state of affairs and claims that there are no cases of ethnic Turks discriminating against Bulgarians. He went on to say that he believes the reports from those areas are exaggerated and that the protesters number several hundred people. The idea of the demonstrations was to foment ethnic strife. According to the Movement for Rights and Freedoms officials, those who stand to gain by this are the political forces associated with the totalitarian regime and those involved in the assimilation campaign launched by the old regime.

Television Crew Strikes Over Lack of Autonomy

AU2111130090 Sofia BTA in English 2247 GMT 20 Nov 90

[Text] Sofia, 20 Nov (BTA)—Information Crew 2 of the Bulgarian Television today went on strike in protest

against the policy followed by Ivan Konstantinov, editor-in-chief of the Information Department, Asen Agov, one of the anchormen of the central information block informed the BTA.

Crew 2 journalists are subjected to continuous attacks on the part of the Socialist Party and its editions.

There was a controversy over the autonomy of the journalistic crews at the TV Information Department. Crew 2 stated that in this situation they cannot be indifferent any more and that they would not work according to "outdated command-and-administer methods", a newscaster announced at the end of the central TV news.

It is reported that the TV program leadership will insist on a just settlement of the conflict.

169 Nationals Leave Iraq; 290 Said Remainng

AU2211081690 Sofia BTA in English 2140 GMT 21 Nov 90

[Text] Sofia, 21 Nov (BTA)—Another 169 Bulgarian citizens arrived from Baghdad to Sofia today [21 November], bringing down the number of Bulgarians remaining in Baghdad to approximately 290. According to Ministry of Foreign Affairs officials, it is difficult to establish the exact figure because some of the would-be repatriates seek the services of different airlines or try to get on long-haul trucks.

The Ministry of Foreign Affairs cannot specify the number of Bulgarians who remained in Iraq of their own accord and who decided to return. Quite a few people did not avail themselves of the opportunity to leave even though their contracts of employment have expired. On the other hand, some workers want to repatriate but they are completing projects of their companies and their contracts endure.

"All Bulgarian employees and workers from Kuwait have left the Persian Gulf area, they have returned home or are on their way to Bulgaria," a Foreign Ministry official told the BTA.

Semerdzhiev Confirms Gulf Stand With EC Envoys

AU2111202790 Sofia BTA in English 1841 GMT 21 Nov 90

[Text] Sofia, 21 Nov (BTA)—General Atanas Semerdzhiev, vice president of the Republic, today received the ambassadors of the European Community member countries at their request.

The sides considered certain aspects of the gulf crisis. The ambassadors confirmed the EC position formulated in the declaration of the European Council recently adopted in Rome. The view was expressed that the entire international community condemns the unlawful and morally indefensible conduct of the Iraqi authorities with respect to all foreign nationals held hostage against their will in Iraq and Kuwait.

General Semerdzhiev pointed out that the European countries' unity, which has found such eloquent expression in Paris, should also be manifested in such serious trials as the Persian Gulf crisis. He reaffirmed Bulgaria's principled position, its unqualified support for all UN Security Council resolutions and its firm resolve to abide strictly by the sanctions imposed on the aggressor.

Zhelev To Address Council of Europe in January

AU2111150790 Sofia BTA in English 1446 GMT 21 Nov 90

["Bulgaria Works for Its Reintegration in Europe"—BTA headline]

[Text] Sofia, 21 Nov (BTA)—Dr. Zhelyu Zhelev, president of Bulgaria, will visit and address the Parliamentary Assembly of the Council of Europe in late January. This was agreed during a visit to Strasbourg by a Bulgarian working group. Its representatives briefed the press at the Ministry of Foreign Affairs today on the common understanding they had reached on cooperation between Bulgaria and the Council of Europe.

According to the agreed specific program, Council of Europe experts will help Bulgaria draft its new legislation on higher education and on local government. Assistance will be rendered in foreign language teaching, in training personnel for health care, social security, local authorities and secondary education. Blood transfusion and organ transplantation courses will be organized in Bulgaria and Bulgarians will be able to attend international conferences, symposiums and colloquiums. Bulgaria may take part in some of the council's programs. The sides contemplate setting up a Council of Europe Information Center in Sofia.

In two stages, Bulgaria will join ten of the Council of Europe conventions.

Zhelev Visits UNESCO, Meets Portuguese Leader

AU2211111390 Sofia BTA in English 2146 GMT 21 Nov 90

[Text] Paris, 21 Nov (BTA)—Dr. Zhelyu Zhelev, president of Bulgaria, today visited the United Nations Educational, Scientific and Cultural Organization (UNESCO) and conferred with its Director General Mr. Federico Mayor Zaragoza. Dr. Zhelev was invited to address scientists, cultural figures and UNESCO staff members from a large number of countries.

Mr. Federico Mayor introduced Dr. Zhelev as a political leader as well as a philosopher and welcomed him as an exponent of the thought and the will of that part of the intelligentsia which takes most of the credit for the deep-going changes in central and Eastern Europe.

Dr. Zhelev expounded some conclusions which he has reached in his studies of the essence of totalitarian society.

The President Dr. Zhelyu Zhelev today held talks with Prof. Anibal Cavaco Silva, prime minister of Portugal. Dr. Zhelev emphasized that Bulgaria is interested in tapping the experience of Portugal which made a successful transition from a totalitarian political system to democracy. A common understanding was reached on the exchange of visits by Portuguese and Bulgarian experts. Among other things, the Bulgarian delegation will identify the economic and other aid which Portugal could provide this country.

Delegation Returns From Paris Summit

AU2311102490 Sofia DUMA in Bulgarian 22 Nov 90 p 2

[Text] Sofia, 21 Nov (BTA)—Guaranteeing the national security and territorial integrity of the small states in Europe and the world was the most important achievement of the Paris conference, Zhelyu Zhelev, chairman of the Republic, said today at Sofia Airport, upon his arrival from Paris.

The Bulgarian delegation, composed of Prime Minister Andrey Lukanov; Lyuben Gotsev, minister of foreign affairs; and Yordan Mutafchiev, minister of national defense, had taken part in the CSCE summit conference.

Delegation Conducts Briefing After CSCE Summit

Havel Summarizes Conference Results

LD2111192590 Prague Domestic Service in Czech 1615 GMT 21 Nov 90

[Speech by President Vaclav Havel at a news conference at Ruzyne Airport in Prague upon his return from the CSCE summit in Paris—live]

[Excerpts] I shall try to be brief. I cannot describe everything that happened in those three days, because a lot happened and there is a danger that I would tell you what you already know.

The summit was really important. Everybody felt it as a beginning of a new historical era in the history of Europe, and this idea was pronnounced in different forms in all contributions by the delegation heads. It has been generally seen as a sort of end to the cold war period and actually an end to World War II and its consequences because it was the first of the series of the Helsinki conferences which was held in a new situation—a situation in which countries of Central and East Europe have overthrown the totalitarian system and are seeking their democratic face.

This is contained also in the so-called Paris Charter which is the fundamental document signed this morning by all participating states and adopted at this summit. This document is rather extensive but in my view does not contain a single superflous word. I strongly believe that a publisher will be found who will print it in Czech along with its addendums, which are also very important.

The fundamental idea and the first chapter of this Paris Charter is the idea that the new democratic set-up in Europe is based on the idea of human rights, that the era of Europe divided into blocks has ended, that Europe is and will be a community of democratic states, organizing regular free elections. [passage omitted]

It must be said that this summit actually represents quite a new step forward, a sort of a new breath, a new dynamism of the Helsinki process. It was a meeting at least as important as the first one in 1975, and it is also important that such an extensive document has been prepared in a relatively short time. This is remarkable compared to the length and difficulties with which the previous Helsinki conferences were doing their work. I have in mind the Belgrade and Vienna conferences.

With regard to the course of the summit, as such the head of each delegation gave a 15-minute speech. At the end, a session closed to the public was held where some of those present delivered a shorter speech. In my shorter speech I welcomed the proposal of the prime minister of the Netherlands about the creation of a unified European power system. This proposal was supported by Mr. Delors.

Apart from this we had numerous bilateral or trilateral talks; and, naturally, during the various lunches and dinners and in the lobbies of the summit we had the opportunity to talk unofficially and informally with a number of other politicians. I should only like to enumerate—I think it has already appeared in our press—but I would still like to repeat what delegations we officially met at bilateral talks—it was the Federal Chancellor Kohl, the Austrian Chancellor Vranitzky, Polish Prime Minister Mazowiecki—we had trilateral talks: Czechoslovakia-Poland-Hungary. [passage omitted]

The next all-European summit, that is a top-level meeting of the Helsinki process, will take place in Helsinki in 1992 and probably—and that is not only the view of the Czechoslovak delegation, but also some others—most probably it will adopt some documents which will have a character of some kind of a new generation of Helsinki agreements. All the previous ones, starting from the concluding Helsinki act, had a character of certain recommendations to governments.

It is probable that the next generation of the agreements should have a more obligatory character and, if you have not read it, once you read the Paris Charter you will understand that the entire Helsinki process is being understood as a kind of a framework or base on which some kind of a more integrated Europe should grow—Europe as a community of democratic states and peace-loving nations. That is, telegraphically, what I can tell you about it. I am prepared to answer any possible further questions which concern this topic, but first of all I should appreciate if Prime Minister Calfa delivered his report because he had numerous talks, different from those I had. The same goes for Minister of Foreign Affairs Dienstbier.

Perhaps, as to the contents of the various talks, if you are interested we shall say more about it. At this moment, I whould perhaps merely stress that President Bush was again and again reverting to his Prague visit. He called it one of the most beautiful spells of his life, and he showed a truly lively interest in our situation, as well as a friendly understanding for our problems and he, just as Mr. Delors, showed a truly warm striving to help Czechoslovakia in its economic troubles.

During the various talks everyone agreed in saying that the countries of Central and Eastern Europe should not, after the current structures such as CEMA and the Warsaw Pact disintegrate, find themselves in some kind of a vacuum, that they should not become the breeding ground for possible instability, possible chaos, that these fresh, brittle, inexperienced democracies should not be theatened by various social, economic, and other upheavals, and that the West is feeling coresponsible for their further fate and that it will do all it can to help these countries in time to become members of various integrative European communities.

Dienstbier Stresses Summit Results

LD2111202990 Prague Domestic Service in Czech 1637 GMT 21 Nov 90

[Remarks by Foreign Minister Jiri Dienstbier at a news conference given by President Vaclav Havel at Ruzyne Airport in Prague upon the return of the CSFR delegation from the CSCE summit in Paris; Dienstbier's remarks follow opening remarks by Havel and Prime Minister Calfa—live]

[Text] As you can see from what the president and prime minister said we could speak at this news conference for a few hours about all those issues which were discussed at various levels. I would like to stress several things:

First, the location of the CSCE headquarters in Czechoslovakia is not only our big success—taking into account that as recently as at the beginning of this year our proposals to establish institutions to deal with the Helsinki process, not to mention the location of the secretariat, were considered to be a bit strange and absurd. It above all shows that also Western Europe, the United States and Canada understand what is at stake here—the need to bring the countries of Eastern and Central Europe in the integration processes involving our entire part of the world.

Second, I would like to point out that the Paris document which was signed today really means a totally new phase of the relations in Europe. Its first chapter no longer concentrates on security, but the emphasis is on human rights and states based on the rule of law. This shows that the past phase of an ideological conflict and division on two blocs according to some kind of ideological principles is overcome once for all. This is because the principles of democratic society were accepted by all the participants in the Helsinki process—all signed them and accepted the obligation to take the course of action on the basis of these principles.

I am not going to speak in detail about bilateral talks—we held a number of them, and both president and prime minister mentioned them. I would like to mention only three of them.

I held talks with the new Norwegian minister of foreign affairs who is very much interested in Czechoslovakia. By the way, in the past he supported Charter 77. We spoke also about the possibilities of cooperation regarding oil issues.

I also spoke with Mr. Bianco, director of President Mitterrand's Secretariat, who told me that the French Government is prepared to support and give impulses for French investments in Czechoslovakia. He asked me to contact as soon as possible Minister Guigou to provide her with our demands regarding the projects we would like the French Government to support in Czechoslovakia.

I would add only briefly in order not to take up your time at the news conference that today I met the Estonian minister of foreign affairs. He pointed out to me among other things that not everything is in order, though it is true that the cold war is ending, not all the consequences of World War II and circumstances of this war have yet been overcome. This is all I want to say as introduction.

Havel Answers Questions on Talks

LD2111231590 Prague Domestic Service in Czech 1642 GMT 21 Nov 90

[Question and answer session with President Vaclav Havel and reporters at Havel's news conference at Ruzyne Airport in Prague upon the return of the CSFR delegation from the CSCE summit in Paris—live]

[Text] [Martinek] Mr. Martinek from Czechoslovak Television. Mr. President, during your talks with President Bush you said among other things that Czechoslovakia would be interested in concluding a similar association agreement with NATO as it has with the European Community. Was there also an opportunity to discuss this issue during the Paris meeting? Could you give us more details about the idea?

[Havel] I mentioned this very briefly in my speech at the Paris summit. Considering the European future security structure I mentioned the fact that everything seems to point to NATO as its basis of some kind, a pillar which in due course after its radical transformation could be turned into the new European security structure. I mentioned a chance for some kind of cooperation, or even an association agreement between other European countries and NATO as one of many various steps in this direction.

[Hockaday, in English fading to Czech translation] Mary Hockaday, BBC and THE INDEPENDENT. Mr. President, you said that the countries of West Europe, the United States, and Canada accepted that they share some kind of responsibility for the fate of this country. Did they offer you more than just words, did they offer you something tangible to document this support?

[Havel] The shared responsibility of the West for the future developments in this part of Europe, and it is not just responsibility in the field of principles but is at the same time an essential interest of the West as an entity, was declared in numerous individual speeches, both in official addresses at the summit and during various talks. It sprang from an extraordinary interest shown by all those politicians in our region. If I am not mistaken there was not even one speech at the summit in which this issue was not mentioned to a small or large extent, there was not even one speech in which at least one paragraph was not devoted to our countries.

This is because all strongly felt that the essence of the new historic times in which this meeting took place is the fact that it took place for the first time after these countries liberated themselves, since they held their first free elections, etc. This was of course consequently reflected in the ideas voiced about how to help. Of course in the context of the Gulf crisis and the growing oil prices

linked to it, the possibilities of the West are not unlimited. Nevertheless, all assured us that they were going to study all the possibilities of how to help these countries—in the field of economy, and of course not only in the field of economy but also through various educational and other projects—how to assist them in the process of the transformation of their political and economic systems.

[Unidentified reporter] You did not mention your meeting with President Gorbachev. It was only a very short meeting. Why was it not more comprehensive and longer? Was there no more time for it?

[Havel] Originally, we agreed to have bilateral talks with Mr. Gorbachev. During a dinner at the Elysee Palace I talked with him for a while and he said that he would state the exact time of the talks, that he would give us a call in the evening. Then, after my afternoon speech, we received a message from the Soviet delegation saying that the bilateral talks were cancelled.

The message arrived soon after I mentioned in my speech that the Baltic Republics might have observer status within the Helsinki process. In this I said nothing very original, every other delegation mentioned this. I even remember now that a few days ago the Kremlin's spokesman, Mr. Ignatenko, said that the Soviet Union would have nothing against the Baltic Republics having observer status.

Well, the cancellation of the meeting was put in connection with this, since it occured so shortly after my remark.

At the next possible chance I asked Mr. Gorbachev whether the meeting had been cancelled purely for technical reasons or for some political ones. He assured me with a smile that the reasons were merely political, that he had to cancel many other bilateral talks due to a lack of time, but that he firmly believed that we would soon find a chance to hold long and comprehensive talks.

[Denik] Obcansky Denik. Mr. President, you have already mentioned the tripartite talks with Poland and Hungary. As far as I know, one of the items on the agenda was also Poland's potential joining in the Pentagonale. I would like to know whether you think this joining will take place, and when.

[Havel] Well, I of course do not know whether it will happen. But it is true that we have talked about this and that it was Mr. Antall's initiative, who thought that Poland, Czechoslovakia, Hungary, and those other countries were in fact all part of one entity, and that they should be linked together as far as transportation, energy supply, etc. are concerned—that these countries have similar problems, that there is a chance to link the Baltic Republics with... in fact to link them as far as the Adriatic. And he [Mr. Antall] felt that Poland, surrounded by this big Pentagonale, would find itself in a certain isolation. He himself simply showed this initiative.

The Polish side is eminently interested in joining the Pentagonale. Prime Minister Andreotti also has allegedly expressed some views that this would be a good thing. I myself did not talk with him about this. I have talked about this with Chancellor Vranitzky who indicated that the Austrian side would also consider this as quite a good idea.

Whether this will happen or when, that of course I do not know. It was just a preliminary political thought.

[Unidentified reporter] My female colleague has, in fact, taken my question, but I would in addition like to ask Mr. Minister [Dienstbier] whether after the two talks with the Polish representatives, it does not appear now that the Pentagonale was created without the Poles who naturally belong in this kind of formation.

[Dienstbier] I think that what matters is how we understand the Pentagonale. If we understand it as a practical cooperation in a certain region on specific projects that concern only this region, then it is possible to retain the Pentagonale in its current form. However, this has nothing in common with the utmost need to interconnect all these countries where necessary. This concerns particularly Poland. Already in January, when Czechoslovakia's joining the Pentagonale was discussed, I told De Michelis in Venice: and what about Poland? Poland cannot and must not be left isolated. It should be incorporated into a system of cooperation. A thought occured at that time, that through Czechoslovakia a similar group that would stretch northward could be created together with Poland, and the Scandinavian and Baltic countries. And this entire region would thus become interconnected, because in this respect we also have plenty of very specific matters that should be tackled.

But what will actually happen—whether Poland should be a member of the Pentagonale or whether we should link ourselves especially with Poland or Hungary, or whether we go northward in our linkage and create two unions, whose heart would be here in Czechoslovakia—is a question for practical discussion. Politically and economically it is absolutely clear that Poland must be integrated into these international communities and that it cannot remain hermetically wedged between Germany and Russia and be in addition blocked from the south by some other groupings. It is unacceptable, of course, that Poland should be left alone there.

[(?Gudzynski)] Andrzej (?Gudzynski) from GAZETA WYBORCZA. Mr. President, could you briefly speak about other subjects discussed during talks with Prime Minister Mazowiecki and Prime Minister Antall whom you met later?

[Havel] Besides our bilateral talks, I spoke with Prime Minister Mazowiecki several times on various occasions. We discussed bilateral issues: the hottest issues are the Stonava question and the issue of our borders.

We told him the good news that construction of the Stonava [coke plant] is being halted. Regarding the issue of

the borders, we explained to him our current situation and expressed hope that after the New Year and following the changes in the price policy and exchange rate that are going to take place, this problem will probably be solved.

We briefed each other about the situation in our countries, we spoke about the process of the elimination of the military structures of the Warsaw Pact and about the specific issues linked to it. We discussed the problem of refugees, the possibility of some kind of extensive exodus of people from the East, and the possible coordination of our stands on this issue.

Today I also briefed Prime Minister Mazowiecki about the morning talks with Chancellor Vranitzky and about Chancellor Vranitzky's favorable attitude to the possibility of Poland becoming a member of the Pentagonale.

[Janiska] Janiska from RESPEKT. Mr. President, I would like to ask more about the tripartite talks. How is the Polish side currently assessing Polish-Czechoslovak relations with regard to the borders? And the second question, if you permit me to ask: With regard to the fact that the Warsaw Pact as a military bloc is distintegrating and our countries find themselves in a kind of a vacuum now, are you not considering closer coordination between Hungary, Poland, and Czechoslovakia in the sphere of security?

[Havel] We discussed, among other things, that we should create new bilateral treaties between Poland and Czechoslovakia, Czechoslovakia and Hungary, and of course between Hungary and Poland. These would be new treaties that would fill this political- legal and treaty vacuum, the threat of which is looming after the disintegration of former structures. But we discussed these treaties already in the past with Hungary during various bilateral talks with President Goncz and so on. We discussed the need to have these bilateral treaties. President Goncz then suggested the option of some security component in this treaty. All this is a matter of immediate development and of other talks. I personally think, that apart from the standard formulation common for bilateral treaties, we should direct our efforts rather at making security issues a part of wider supranational bodies and treaties. The traditional bilateral agreements did not function very well in history. It seems that the multilateral treaties function rather better, such as, for example, NATO, and so on.

As far as the treaties are concerned, I should also mention that Chancellor Kohl considers necessary and envisages the drafting of a major treaty with Germany, a Czechoslovak-German treaty will start from January. In his assessment, this treaty should be initialled by the end of March. It should lay fresh foundations to the relations with Germany and let's hope that it lays definite and good foundations for Czechoslovak-German relations. He would like to coordinate this major agreement with our state with a treaty with Poland, which is being drafted and has so far not been approved. Only a single-issue treaty on the Oder-Neisse [Odra-Nysa] border has been approved.

It is turning out that these various new bilateral treaties are also one of the important components of the future European set-up, that it is a kind of a useful basis for the multiateral treaties that will follow.

[Dyba] Jiri Dyba. Mr. President, I would like to ask firstly about the problems of refugees, or rather of possible refugees from the East. Did you discuss during your talks some specific ways of tackling this problem? And also: Did you discuss with Mr. Kohl the demands of Sudeten Germans, which were not raised officially but only by the press?

[Havel] As far as Sudeten German demands are concerned, I explained Czechoslovakia's position to Chancellor Kohl, which is that the government or the state bodies will not respond to various suggestions by individual associations that appear in newspapers, correspondent, and so on. These are matter that are under the jurisdiction of the governments and intergovernmental talks. We agreed that experts from both sides will look sensibly into these issues and that if they reach results acceptable to both sides, they will be mentioned or incorporated in the future treaty. Chancellor Kohl showed understanding for our situation and expressed a view similar to that already voiced by Mr. Minister Genscher that we approach the solution of these matters, which constitute certain problems, in a broad-minded view in the future and not keep tangling ourselves in the matters of the past and simply in history, that we should look forward.

Yes, and as far as the refugees are concerned, we discussed this topic with various officials, for example with the Finnish president, because this issue concerns Finland too. We agreed—and I said this also during unofficial talks—that this is an international problem, that this does not only concern the countries neighboring on the Soviet Union, because they would be only transit countries. But it is possible that this problem may not even materialize; if it materializes, however, that it is a pan-European problem and that it would be good to prepare ourselves professionally, on a wider international and pan-European scale, for this possibility and to seek ways of coping with it.

[Unidentified speaker] And in the end, here is a question by this lady, Marcela Pechackova.

[Pechackova] I have a question for Minister Dienstbier. Could you brief us in greater detail about your meeting today with the Estonian foreign minister?

[Dienstbier] The Estonian foreign minister briefed me on the one hand about the process that led to their invitation and finally to their reception at the Paris summit. We also discussed the possibilities of cooperation with Estonia. We had already decided to establish contacts and set up offices representing Czechoslovakia's

interests in the Baltic countries and in this respect we shall instruct one of our diplomats at our embassy in Moscow to be in contact with the Baltic republics' governments. (?This is the basic summary of these talks).

[Unidentified speaker] Ladies and gentlemen, I thank all of you and I thank also our interpreters. Good bye.

Voting System for Local Elections Examined

LD1911171390 Prague CTK in English 1441 GMT 19 Nov 90

[Text] Prague, Nov 19 (CTK)—In next weekend's local elections, Czechoslovak voters will either vote for one of the coalition lists in their electoral precinct or choose freely from among all the candidates, including independents.

While both options will be possible in the Czech Republic, voters in Slovakia will choose only individual candidates.

Candidates representing a total of 55 political parties and movements in the Czech Republic and 56 parties and movements in Slovakia will compete for seats in local elections to be held November 23 and 24 in Slovakia and November 24 in the Czech Republic.

In large cities, city governments will be elected at the same time as the municipalities. Mayors in the Slovak Republic will be elected directly by the local constituencies, while in the Czech Republic they will be elected later by the municipalities.

The single-page ballots for the municipality and city government elections will be delivered to voters at least three days prior to the elections.

Poll Shows Declining Interest in Local Elections

AU2011103890 Prague CTK in English 2144 GMT 15 Nov 90

[Text] Prague Nov 15 (CTK)—As many as 76 percent of eligible voters will cast their votes in the November 23-24 local elections, according to a poll conducted by the Public Opinion Research Institute among 707 people between October 30 and November 5, a decline of six percent against the beginning of October.

In the Czech Republic, the biggest chances, 51 percent, are given to the Civic Forum candidates, followed by candidates supported by Christian parties, 7 percent.

In Slovakia, the chances of the Public Against Violence movement and the Christian Democratic Movement are quite balanced 29 and 27 percent respectively, followed by the Slovak National Party 17 percent.

Six percent in the Czech Republic and three percent in Slovak Republic think the communists will win in their places.

According to the poll, the trend to choose personalities rather than parties is strengthening with the proportion being 51 to 10 percent.

The poll also revealed that the knowledge of people of the election procedure is markedly worse compared with the June parliamentary balloting. 42 percent of the questioned regard the law on municipal elections as democratic, 15 percent as undemocratic and 43 percent either do not know it or are incapable of assessing their character.

The pre-election campaign does not draw much interest of people who express dissatisfaction with it. Criticism of the pre-election conduct is now the same whether it concerns the Civic Forum, the Public Against Violence (the two strongest movements in the June parliamentary elections) or the Communist Party, a difference compared with the parliamentary elections.

Coalition Group Signs Agreement on Relations

LD2111220190 Bratislava Domestic Service in Slovak 1730 GMT 21 Nov 90

[Text] An agreement on arranging mutual relations between the coalition partners Public Against Violence, Christian Democratic Movement, and the Democratic Party has been signed in Bratislava today. The document says that the partners recognize the federation as a current form of the constitutional set-up of our country and that they will strive to promote the conception of the federation as based on the original sovereignty of the republics. They are aware of their responsibility for the future of the Slovak Republic and they see the support of economic reform as a priority.

Antall, Gorbachev Discuss Bilateral Agreement

LD2111160190 Budapest Domestic Service in Hungarian 1500 GMT 21 Nov 90

[Miklos Keleti report on talks between Prime Minister Jozsef Antall and USSR President Mikhail Gorbachev in Paris on 21 November]

[Text] We will conclude a new bilateral agreement with the Soviet Union, announced Jozsef Antall, following his talks with Mikhail Gorbachev, in Paris.

The Hungarian prime minister called the talks very successful. The idea of the new Soviet-Hungarian state agreement was raised by Hungary, and Gorbachev accepted the proposal. The Soviet head of state also emphasized that Soviet-Hungarian relations have to be put on new basis. Incidentally, Jozef Antall said that these relations were not bad hitherto either, despite the rumors stating otherwise.

Mikhail Gorbachev also said that same during the talks. What is more, prior to the consultation, when replying to questions of Hungarian journalists whether the spirit of Paris has an effect on the tense Soviet-Hungarian relations, Gorbachev said that he does not see the relations of the two countries like that.

Jozsef Antall said the two foreign ministers will be tasked to work out the details of the new Soviet-Hungarian agreement, and the prime minister said that this agreement will have a model value and will open new possibilities in Soviet-Hungarian relations. Jozsef Antall quoted the words of Gorbachev regarding the Hungarian-Soviet economic relations. The Soviet head of state emphatically pointed out that the problems experienced in oil deliveries have no political background and that these are in connection with the economic difficulties of the Soviet Union exclusively.

Antall Comments on Gorbachev Talks

LD2111201890 Budapest Domestic Service in Hungarian 1700 GMT 21 Nov 90

[Report on interview with Prime Minister Jozsef Antall by unidentified reporters, including Istvan Kulcsar, at Ferihegy Airport in Budapest on 21 November]

[Text] [Announcer] Prime Minister Jozsef Antall negotiated with Mikhail Gorbachev for an hour—almost twice as long as planned—in the early afternoon. He gave an interview to journalists—among them to our colleague Istvan Kulcsar—on the details, too, at Ferihegy Airport.

[Begin Antall recording] We have agreed that a bilateral agreement placed on an entirely new basis should be concluded between the Soviet Union and Hungary, a cooperation agreement in which all basic issues possible between the two sovereign countries should be regulated and put into a legal shape. The two foreign ministers were asked to make preparations for this on the venue. Further, we raised the subject of the Warsaw Pact Political Consultative Committee session proposed for 9 December again, for this is our duty as hosts, despite the fact that it will coincide with the second round of the Polish elections. We also wanted to clarify whether they wanted it then or not. We both were of the opinion that it is unrealistic to hold this in December. Mr. Gorbachev also thinks this summit should be held at the beginning of next year. So, this was another issue. In addition to this, we held bilateral talks on all issues—including economic cooperation, energy problems, transportation issues in relation to the withdrawal of the Soviet Army, and I of course, mentioned the problem of the Soviet evaluation of 1956 in connection with the fact that this date, 23 October, is also the birthday of today's Hungarian Republic. This issue has to be solved. We have not received an answer from the Supreme Council yet. [end recording]

[Announcer] In recent months the development of Hungarian-Soviet relations has been a very topical issue in Hungary, particularly because many people draw a connection between the hitches in Soviet energy carriers' deliveries and the worsening of interstate relations. Jozsef Antall said the following about this:

[Begin Antall recording] In reply to one of the reporters' questions, Mr. Gorbachev especially emphasized that there is not any tension between the Soviet Union and Hungary, our relations are absolutely normal and good, and these are issues to be solved. Any idea or interpretation suggesting that Hungary maintains a unilateral policy is considered an entirely unjustified and senseless supposition by the Soviet side, as well as by us. Mr. Gorbachev also stressed the good relationship and the further possibility for intergovernmental talks. What this is all about is that we had to balance the former unilateral relations in the West's direction and that is why it has been particularly important the past few months that we establish broad relations including Western Europe and the United States. This, however, does not mean neglecting Soviet relations, and those who think that it is practical to be on bad terms with a neighboring country, moreover a leading world power in spite of its crises, are stupid. [end recording]

Woerner Says NATO Still Necessary After Talks

LD2111204890 Budapest Domestic Service in Hungarian 1700 GMT 21 Nov 90

[Text] According to the general secretary of NATO, the organization, or rather the North Atlantic Alliance in a changed role, is needed even after Paris. Denes Baracs reports:

[Baracs] Even if it did not have a special place at the table of heads of state and government, NATO was more than present and had an interest in the Paris summit.

Signing the arms reduction agreement prepared in Vienna constituted the overture to the summit and this was, so to speak, the apotheosis of NATO. The Western

military alliance thus lived to see the elimination of the military threat, and without a gunshot at that, for the prevention of which it was founded in 1949. The Soviet Uniion and the countries of the Warsaw Pact, which is on the way to breaking up, are destroying ten times as many weapons as the Western alliance.

NATO General Secretary Manfred Woerner will arrive in our country tomorrow precisely as a token of this change, not only for a first but a friendly first visit at the same time. It is another matter that many people ask what is the use of NATO anyway, which, besides its own operational area, has no right to joint action.

In an interview given to me before his visit to Budapest, the general secretary said that although the threat has ceased there are still dangers, for example the Soviet developments, for example the Balkans, for example the Gulf. So, because of this, and in order to preserve the European role of the U.S. there is a need in the future too for the only genuinely operating integrated military organization in Europe, as a factor of stability.

Antall Interviewed on Warsaw Pact, Soviet Ties

LD2111210490 Budapest Domestic Service in Hungarian 1730 GMT 21 Nov 90

[Interview with Prime Minister Jozsef Antall by unidentified reporters upon Antall's arrival at Ferihegy Airport in Budapest from Paris CSCE summit—recorded]

[Text] [Reporter] Do you feel that with this conference the situation of Europe and the situation of Hungary has become more secure?

[Antall] I believe that this conference was both the conclusion and the first stage of a process, in the sense that it has become more secure, as it was a process which progressed in the previous good direction, and meant a reduction of confrontation. The culmination of this process was this meeting. The agreement of the leading great powers on basic issues was clear, and the intention and wish, obviously, that Mr. President Gorbachev would make his position firmer in the Soviet Union were clear.

[Reporter] In the past two days, the world press and leading news agencies have extensively quoted a statement by Mr. Prime Minister, but I fear that they did not do so in an accurate and identical way. What I am thinking of, to quote precisely, is that by the spring of 1992, the situation will become ripe for the dissolution of the Warsaw Pact.

[Antall] I said that Hungary, in accordance with the earlier parliamentary decision, will leave the military organization of the Warsaw Pact, if the military organization has not ceased to exist by the end of 1991. Accordingly, I expressed my hope that by the end of 1991 and the spring of 1992 at the latest, the military organization of the Warsaw Pact will, in harmony with other countries, unquestionably cease to exist, and I also considered it conceivable that the military organization, on the basis of joint agreement, will be dissolved in the course of 1991; moreover, that there is no justification for the existence of the Warsaw Pact in the current new situation, in the framework of the agreement on European security and cooperation; and if we link this with the conduct and development of the individual countries, it cannot be regarded a homogeneous organization which, properly speaking, may play a useful role in the future. [sentence as heard]

[Reporter] You held talks with Mikhail Gorbachev. What was discussed in this exchange of views?

[Antall] The discussions with Mr. Gorbachev were genuinely important. They lasted a long time, double the time originally planned; we were together for longer than an hour. We agreed that a bilateral agreement founded on an entirely new basis should be concluded between the Soviet Union and Hungary, a cooperation agreement in which all basic issues possible between the two sovereign countries should be regulated and put into a legal form. This would be a new agreement and the two foreign ministers were asked to make preparations on the venue for this.

Further, we again raised the subject of the session of the Warsaw Pact political consultative conference proposed for 9 December, for this was our duty as hosts, despite the fact that it would coincide with the second round of the Polish elections. We also wanted to clarify whether they wanted it then or not. We were both of the opinion that it would be unrealistic to hold it in December. Mr. Gorbachev also considered that the summit should be held at the beginning of next year. So this was another issue. In addition to this, we held bilateral talks on all issues including economic cooperation, energy problems, transportation issues in relation to the withdrawal of the Soviet Army, and I of course mentioned the problem of the Soviet evaluation of 1956 in connection with the fact that the date, 23d October, is also the birthday of today's Hungarian Republic. This issue has to be resolved. We have not received an answer from the supreme council yet.

In reply to one of the journalists' questions, Mr. Gorbachev particularly emphasized that there is no tension between the Soviet Union and Hungary, our relations are absolutely normal and good, and these are issues to be solved. Any idea or interpretation suggesting that Hungary maintains a unilateral policy is considered to be an entirely unjustified and senseless supposition by the Soviet side as well as by us. Mr. Gorbachev also stressed the good relationship and the further possibility of inter-governmental talks. What this refers to is that we had to balance the former unilateral relations in the direction of the West, and that is why it was particularly important that we establish broad-scale relations including relations with Western Europe and the United States, too, in the past few months. This, however, does not mean neglecting Soviet relations, and those who think that it is practical to be on bad terms with a

neighboring country—moreover, still a leading world power in spite of its crises—are stupid.

[Reporter] Which of your bilateral discussions would Mr. Prime Minister single out?

[Antall] I would not engage in singling out, because I believe it would be an unnecessary process of ranking, as the character of each one was different. I managed to speak separately with every leading statesman. [words indistinct] I naturally spoke separately with Chancellor Kohl on several occasions, and with Vranitzky, just as with every head of government and state who is important from Hungary's viewpoint. I held separate talks with Prime Minister Gonzalez, because I had not yet met him as prime minister, only earlier when he was in the opposition, and Spanish relations are also important; I held talks with Portugal, Turkey, with the president of the Swiss Confederation. I could also list the heads of government of the Benelux states, and Andreotti. Another important thing I could mention is that we conducted trilateral discussions with the Polish and Czechoslovak heads of government, or rather in the case of Havel, with the head of state, on the development of joint cooperation.

[Reporter] What future awaits NATO?

[Antall] Since NATO is not in internal crisis, since NATO came about as the alliance of sovereign states, it obviously will have a change of role in the new situation, since the top organ of NATO itself is reckoning with the drafting of a new doctrine, with the shaping of a new NATO policy. And obviously, the situation of NATO will also be new in the coming period, but it would obviously be naive to expect NATO to dissolve now or in the near future. I believe that generally, in the framework of the European security system and in the whole Atlantic region, NATO will remain, and will play a role in this form.

We have, at present, a relationship with NATO; (?it is) a formal, diplomatic relationship. The Hungarian ambassador in Brussels has also been empowered to maintain contact with NATO. Mr. Woerner will now come here. I met both of them in Paris and we had a brief discussion. So in my view, we must maintain a permanent relationship with NATO, as an extremely important military-political organization. Obviously there can be no talk, nor is there any, of our seeking admission to NATO. So this did not even arise in this form.

[Reporter] Was there specific mention, in your economic discussions with Mikhail Gorbachev, of the (?oil) deliveries?

[Antall] Regarding the delay in the deliveries, the difficulties arising from this were not related to any political issues whatsoever. This means that the assumptions to the effect that the Hungarian Government might be inept, or rash, and that the Soviet Union might be apparently punishing Hungary by not delivering oil, are stupidities which Mr. Gorbachev himself smiled at and denied; he indicated, properly speaking, that the Soviet Union's production has declined, that there are enormous difficulties, that they themselves imported Iraqi oil, and that these oil deliveries have not materialized. So the Soviet Union itself is struggling with economic problems, owing to which difficulties are arising in Soviet-Hungarian trade relations. And this has no connection with political issues. He repeatedly emphasized on several occasions that he regards our relations as good, satisfactory, and he feels it is extremely important that we should think over the situation which has developed, and we must think through the problems we face in every sphere. It was in this spirit that we parted company, and I believe I do not have to justify this separately: If Gorbachev is supported and considered important by the world's leading powers and their statesmen—Bush, Kohl, Mitterrand, and I could go on listing them—then obviously, little Hungary must conduct a policy in this direction, too.

[Reporter] Thank you.

Foreign Affairs Committee Welcomes Paris Charter

LD2211162890 Budapest Domestic Service in Hungarian 1400 GMT 22 Nov 90

[Text] The completion of the Paris Charter has put an end to the past 45 years, Foreign Minister Geza Jeszenszky said at the session of parliament's Foreign Affairs Committee. Gyula Horn, chairman of the committee, similarly evaluated the Paris summit, which, as he said, ended the era of the opposition between the East and the West in Europe. At the same time the politician cautioned that in the spirit of the historic document adopted in the French capital, Hungary should in the future maintain a more active policy toward East Europe and the Soviet Union, too.

Jeszenszky Addresses Committee

LD2211194590 Budapest MTI in English 1725 GMT 22 Nov 90

[Text] Budapest, November 22 (MTI)—The joint document adopted at the Paris summit has put an end to the historic era of the past 45 years, Foreign Minister Geza Jeszenszky said at the Thursday session of the Foreign Affairs Committee of parliament.

He expressed the hope that the summit also marked the beginning of a new period focussing on the creation of a new Europe and economic efficiency.

Committee Chairman Gyula Horn pointed out that the meeting had opened a new chapter in the pan-European process. It closed the more than four decades of East-West confrontation and set new tasks for Hungary as well.

With regard to the Hungarian-Soviet talks in Paris, Horn stated that experience from the past few days showed

that the government had drawn the necessary conclusions and adopted an active policy towards Eastern Europe and the Soviet Union. Tamas Katona, political secretary of state at the Foreign Ministry, gave a briefing on the talks held by Deputy Secretary of State Imre Szokai in Romania. Slokai is currently in Greece. He stated that on the whole the talks had been unsuccessful because of Romania's uncooperative attitude.

Although Romania's leadership has recognised the dangers that lie behind aloofness, they have not yet drawn the necessary conclusions. Hungary intends to keep the question of bilateral relations on the agenda, but this time the initiative should come from Romania.

As a result of the talks by members of parliament Istvan Szent-Ivanyi and Andras Pap in Lithuania, the committee decided to open an inter-parliamentary information bureau with licences for the Baltic states. The participants at the session stated that the move would mean a step in the direction of inter-state relations.

Defense Ministry on Soviet Troop Withdrawal

AU2111102290 Budapest MTI in English 1152 GMT 20 Nov 90

[Text] Budapest, 20 Nov (MTI)—The 20 November issue of the socialist daily NEPSZABADSAG carried a statement from Colonel Gyorgy Keleti, spokesman of the Hungarian Ministry of Defence, in answer to the statement on 16 November by the Soviet Embassy in Budapest. The Soviet statement objects to Lieutenant General Antal Annus' account made in the foreign affairs committee of parliament on issues related to the withdrawal of Soviet troops.

"Lieutenant General Annus has painted a correct picture of the Soviet troop withdrawal situation," Colonel Keleti said. "He did not 'attempt to shift responsibility for the lack of progress in the talks onto the Soviet side'. On the one hand, he welcomed the fact that the withdrawal was proceeding according to schedule, and on the other hand, he stated that there had been no progress in the financial field since the signing of the agreement on troop withdrawals.

"I think, a series of talks, in which one side merely 'expresses readiness to discuss Hungarian complaints in connection with ecological damage, and the rent of the facilities used by the Southern Army Group' cannot be regarded as constructive.

"In the course of talks, we did not only complain about the problems, but put forward our own claims for compensation, that we wish to be taken into account financially, and we will do the same in future, even while the facilities are being handed over. We are sure that this is the only way to make a proper settlement.

"We consider it very positive that, according to the statement, 'the Soviet Union has a vested interest in the soonest possible solution of this issue, and in making mutually acceptable decisions.'

"The statement carried by the press contained other issues and solutions related to the economic aspect of the troop withdrawal. The issue of joint ventures, or that of unauthorized demolitions, is to be discussed by economic experts.

"We also welcome publicity in these questions because we are sure that this will aid progress. Details, however, should stay within the scope of negotiations rather than be laid out in newspapers.

"I also wish to emphasize that an account given in parliament cannot be judged on the basis of a short newspaper report," the spokesman concluded.

Cuba's Action Over Journalist Protested

LD2011174390 Budapest Domestic Service in Hungarian 1200 GMT 20 Nov 90

[Text] The editorial board of NEPSZABADSAG is to make an official protest to the Cuban authorities for having withdrawn the accreditation of the paper's correspondent. Pal Eotvoes, the paper's chief editor, said that Csaba Nagy has asked Cuba several times to comment on the report that Iraqi tankers had arrived in the port of Havana. Since the [Cuban] Foreign Ministry was not willing to do this, the journalist filed the report. Now the Cubans are accusing the correspondent of NEPSZABADSAG of having deliberately lied and thus damaged Cuba's prestige. Csaba Nagy has not been expelled but he can no longer work as a journalist in Cuba.

Nowina-Konopka Announces Resignation at Briefing

LD2111155490 Warsaw Television Service in Polish 1500 GMT 21 Nov 90

[Text] Twenty minutes ago, a news conference ended during which State Minister Piotr Nowina-Konopka announced he had submitted his resignation to the prime minister.

He made this decision so that he can publicly support Tadeusz Mazowiecki's candidacy.

Mazowiecki Proposes 'Hard Program' in Campaign

LD2111225790 Warsaw Domestic Service in Polish 2200 GMT 21 Nov 90

[Speech by Prime Minister Tadeusz Mazowiecki at the Warsaw Polytechnic Institute on 21 November—recorded]

[Text] [Announcer] Polish Prime Minister Tadeusz Mazowiecki arrived at Waraw Polytechnic this evening. The meeting, which was first and foremost organized for representatives of election staffs from all over the country, attracted crowds of Varsovians. Tadeusz Mazowiecki said, among other things:

[Mazowiecki] I am offering the Poles a hard program and I declare with all due gravity that in our present situation there are no easy recipes, no magic formulas, no shortcuts. Those who say we have to change the direction of our march, that there are other, smoother, roads, those who bypass the potholes are engaging in pure demagoguery. My program amounts to building the Polish home in a solid way, without chaos and shoddy workmanship, without conceited assurances of success in the immediate future.

We already have results of hard work, these results are freedom in a different economic situation today. We have laid the foundations and upon these foundations we have to carry on building. Here [words indistinct] we managed to achieve. We have to make a mature and responsible choice. I am neither assailed by doubts no will I, with you alongside me, let myself be shouted down. I believe that we shall win this election.

* Election's Effect on Economic Reform Noted

91EP0085A Warsaw POLITYKA in Polish No 44, 3 Nov 90 pp 1, 5

[Interview with Leszek Balcerowicz, deputy prime minister and minister of finance, by Jerzy Baczynski; place and date not given: "Boundary Conditions"]

[Text] [Baczynski] I am aware that you do not like to discuss relatively abstract topics, but recently your name has increasingly often surfaced in speculations about changes of political offices. Many people, even those in opposing political camps, view you as the future prime minister. What is your response to these speculations?

[Balcerowicz] Political and personnel speculations are natural, especially during an election campaign. To me what matters most about this whole thing is not the office or attitude toward accepting a given office but whether the opportunities for continuing the economic program that we had commenced exist. That also is, I believe, the position represented by my closest associates.

[Baczynski] But being the head of state would provide you with greater opportunities and greater freedom for pursuing your ideas.

[Balcerowicz] Possibilities of action are not solely a function of the office held; they also depend on the general political situation. I keep tract of the comments of politicians about the economy and try to draw from them the conclusions as to the chances for a continuation of the program.

[Baczynski] How well do you cooperate with Prime Minister Mazowiecki?

[Balcerowicz] Together we have traversed a highly important and difficult period, and I think that our cooperation has been quite good. I prize highly the Prime Minister's calm resoluteness, his stance in the face of difficult situations.

[Baczynski] In that case, have you considered the possibility of staying on in the government if the Prime Minister, who is at present also a candidate for the Presidency, loses the elections and leaves office?

[Balcerowicz] As I told you, to me the basic question is whether [my] program can be continued. The coming weeks shall of a certainty provide greater information and premises for assessing our chances for implementing the further and, in my opinion, indispensable economic changes in the presence of a new political order.

[Baczynski] Earlier you had referred a couple of times to the need to isolate economic issues from politics and to desist from treating the economy as a subject for desultory political gamesmanship. Should not this distinction also apply during the election campaign?

[Balcerowicz] Yes, all the more so at present, although I realize this is not easy.

[Baczynski] Mr. Deputy Prime Minister, could you therefore please tell us what features of the Balcerowicz Program should be preserved in order for you to continue to identify yourself with it? What do you view as, let us put it this way, boundary conditions for the economic program under way for a year now to remain meaningful?

[Balcerowicz] I often hear the argument that this program should be retained provided it is revised. Sometimes one has the impression that some of these revisions

signify a completely different program. Above all, let me say that I am in no way going to help destroy what we have achieved so far. What do I consider to be the fundamental and indispensable features of the program? I believe that the Polish economy needs a growth strategy presupposing rapid changes in the economic system, and chiefly privatization and other ownership changes, as well as the strengthening of competition through, among other things, the liberalization of foreign trade. All this should rest on a foundation of a strong, stable, and convertible currency. In other words, macroeconomic policy should reinforce the effects of the stabilization program, including stabilization of prices and currency and elimination of the residues of scarcities in the economy. And as for a steady revival of economic growth, institutional changes should be utilized and investments in selected fields encouraged. The thus outlined strategy cannot tolerate a budgetary deficit, and especially a substantial deficit that is mainly caused by an increase in current expenditures rather than in, e.g., investments. For a budgetary deficit means depriving the enterprises, and especially the private sector, of credit. This strategy also has no room for the treatment of certain domains of the economy as enclaves exempt from the laws of the market and supported by means of all kinds of subsidies. Of course, in agriculture, for example, farm modernization and development should be supported, programs for creating new jobs in the countryside should be supported, and the gap in living standards between town and country should be reduced. But all this can and should be done in a manner consonant with the general directions of change in the economy—without bankrupting the State Budget.

[Baczynski] But does this strategy have room for relaxing the current tight financial reins? This is being demanded by nearly everyone, claiming that the Balcerowicz Program is too restrictive and thus has led to an excessively deep recession and a decline in real incomes. Do you perceive a possibility for a change in that respect?

[Balcerowicz] It should be clearly stated that the economy cannot be permanently stimulated by relaxing the financial reins and augmenting the money supply. The budget policy along with the monetary and credit policies and the policy on incomes should be so pursued as not to imperil the already achieved stabilization. That also is why, concerning, e.g., the sensitive issue of halting wage increases, we are in favor of a solution which would link the scope of wage ceilings to the nature of the enterprise itself—to whether it is private, commercialized (and I view the commercialization of state enterprises as a preliminary to their privatization) or a state enterprise at which the interests of the employees are clearly articulated vis a vis the de facto absence of the classical employer. It is precisely the change in the nature of enterprises owing to their privatization or commercialization, combined with changes in their environment, that is, combined with their exposure to competition, including foreign competition as well, that is the best way of permanently reviving the Polish economy. Here no tricks of monetary policy will be of help; that has never succeeded anywhere. And as for the enterprise environment, changing it also requires completing the reforms of the taxation and banking systems and the rise of a capital market, along with a stock market, etc. Besides, that environment will change owing to the continuing progress of the process of ownership transformations, because privatized enterprises will operate more efficiently, thereby creating for themselves a mutually more and more demanding environment that would force them to operate still more efficiently.

[Baczynski] Mr. Deputy Prime Minister, what you are proposing is hardly spectacular. I think that a substantial segment of the society would prefer a more direct intervention of the state in solving economic problems, at least in farming, in housing construction, and with respect to discrete industries or plants.

[Balcerowicz] What I said does not in the least mean that the government should be passive. On the contrary, it should exercise its proper functions and those it is expert at.

[Baczynski] Meaning?

[Balcerowicz] There are four principal domains in which the government cannot be replaced. First, changing the economic system; second, concern for the domestic currency, or more broadly, as in the case of Poland, for stabilizing the economy; third, stimulating the growth of the economic infrastructure; and fourth, creating institutions for the protection of the economically weakest persons. The scale of that protection, however, should not be so big as to undermine the possibilities for economic growth. A rapid increase in social expenditures would not benefit anyone in the long run, because our common fate hinges on the growth of the Polish economy. In the year past the nominal retirement pensions and annuities increased at a faster rate than wages. That was necessary because we had to make up for the inherited arrears and protect the weakest. In the long run, however, it would be difficult to reconcile this trend with leading the Polish economy onto the road of steady growth. For then the burden on the enterprises and taxpayers would have to be increased and, by the same token, the possibilities for creating new jobs curtailed, which would affect adversely young people. Next year our economy must confront major external perils—the oil crisis, the perturbations in our trade with the Soviet Union and the new principles for settling accounts [in hard currencies] in that trade, along with the decline in exports to the former GDR. If, to boot, our economy were to be burdened with an excessive baggage of social expenditures, it would forfeit the chance for maintaining and strengthening its growth, such as has arisen in recent months.

[Baczynski] Don't you think that the rising—in recent weeks—pressures by various social groups in favor of obtaining or protecting social privileges, as well as the publicity about wage-increase claims, were caused by the

election campaign? The more the discrete candidates and political groupings promise, the weaker the position of the government as a nay sayer.

[Balcerowicz] It is not unlikely that the rise of certain new social tensions is linked to the general political situation. But the government should not submit to these pressures, as then the chances for coping with the aforementioned external perils would diminish, not to mention the peril of forfeiting what we already have achieved, what distinguishes our economy from that of a majority of the countries in our region.

[Baczynski] What should we do then, in your opinion? Tighten our belts and suffer these plagues without demurring?

[Balcerowicz] I wish that people would understand the situation of our country without taking refuge in the world of illusions. Even so, it is worth noting that so far our society has demonstrated considerable maturity. Consider what is happening in the countries around us, in the Soviet Union, in the GDR, in Hungary.... There, immaturity manifests itself in two ways: first, the avoidance of difficult but indispensable decisions by decision-makers; second, the adoption of such decisions but the rejection of their consequences by society. Here many instances could be cited. That is why I say that in both respects the Polish society has demonstrated considerable maturity and toughness of spirit. Let us hope that now, too, it will not let itself be seduced by promises of facile solutions.

[Baczynski] Could you make your warnings more explicit?

[Balcerowicz] I shall try to do so as regards enterprises. For them the beginning of the new year will be difficult, because we are facing price adjustments owing to the transition to new principles of foreign trade. It so happens that we as a country have accumulated this year substantial reserves of hard currencies, and that is an important cushion. From the standpoint of an enterprise, its liquid capital is such a cushion, and many enterprises have succeeded in creating such cushions. But if now and in the next few months they submit to the pressures for wage increases, they will lose their cushions and face considerable problems, inclusive of bankruptcy, next year. Those enterprises which even now submit to these pressures risk having to lay off their employees next year and are undercutting the foundations for their own existence. Both the management and the workforces should be fully aware of this.

[Baczynski] Once more in our interview you mention the perils and difficulties with which we must cope in the next few months. In a POLITYKA article I calculated that that unfortunate concatenation of external circumstances [the Persian Gulf crisis, chaos in the Soviet Union, loss of trade with the GDR] may cost us $3-4 billion next year. How can our weak economy withstand this?

[Balcerowicz] It is difficult at present to assess the scale of the actual losses that we will incur by having to pay more for imports and encountering difficulties in exporting our products. The question at present is is how to distribute and neutralize these losses. It can be of course considered that their burden will be assumed by the State Budget, that is, by the taxpayers, meaning all of us. But since any eventual budgetary deficit has to be financed with credit, this means depriving enterprises of credit. Moreover, using the budget [subsidies] to cushion price increases would distort the market signals reaching the enterprises. That is why the onus of the changes in the external environment of our economy [i.e., the oil crisis, etc.] must be borne by the domestic prices. There is only one way in which we can counteract the unfavorable external situation, namely, by streamlining our economy, that is, improving the nature of our enterprises (through privatization and commercialization) and exposing them to the pressure of consumers and competitors. Those who fail to cope with these challenges must bear the consequences and the state should not protect them, unless they offer a credible recovery program. Then they can count on credit assistance from, e.g., the Agency for Restructuring or the Polish Development Bank.

[Baczynski] But what is the risk that external shocks (the Iraqi crisis, the USSR, the GDR) might cause a collapse of the anti-inflationary policy, currency convertibility, the entire program for economic revival?

[Balcerowicz] Unless another dramatic shock happens—and here I am especially thinking of the Persian Gulf situation—we can certainly survive this difficult period. Well, if the social situation in this country allows it.

[Baczynski] What do you base this reasoning on?

[Balcerowicz] On observing the trends in the Polish economy, on the growing manifestations of the great entrepreneurial potential of the Polish society, and especially of the young people. And entrepreneurial spirit is more important than financial capital, because it creates that capital. But it is important that this new spirit of enterprise be not deformed by, e.g., measures against competition or by inflation, which causes speculative responses.

[Baczynski] Critics of your program claim that that deformation has already set in, that nowadays entrepreneurial spirit can be seen chiefly among middlemen, in merchandising, and chiefly in imports at that. Does not this bother you?

[Balcerowicz] Viewing commerce as an unproductive activity is a manifestation of the mentality of the past. Production is everything that people want to buy—and they also buy services, including merchandising services. The current explosion of commercial activities, even if still not always in civilized forms, represents precisely filling the gap bequeathed by the old system. In market economies commerce leads to growth of production, and we too are pursuing that direction.

[Baczynski] But how long will it take? Professor Kaleta claims that decades will pass before we can build an efficient market economy in Poland. Are not you tempted by [Walesa's] acceleration slogan?

[Balcerowicz] Consider how has our economy changed within just a few months, and consider this in the context of the other [countries in the region]. But as for the acceleration slogan, unless it refers to a particular issue, pace, and procedure, it has a political or emotional hue, whereas we are talking of the economy. Of course, in the economy too we must move as rapidly as possible, particularly in promoting privatization, provided that we calculate properly the risks taken in adopting unconventional and untried solutions and present them honestly to the society. And in general let me add that there are no risk-free decisions at turning points in history. Avoidance of socially difficult decisions, in the short run, would mean drafting a program which would not improve anything in our economy, but that would create an even greater risk of social discontent in the long run.

[Baczynski] But could not some, say, legislative acceleration be useful? In other words, are not the classic democratic procedures too cumbersome in view of the immensity of the tasks involved in restructuring the system of society?

[Balcerowicz] So far we have somehow succeeded in reconciling democracy with restructuring. Consider the admirable lawmaking efficiency demonstrated by the Sejm last December. I also hope that the last package of decrees complementing the legal framework of the new economic system will be adopted as soon as possible.

[Baczynski] But I am apprehensive that the political campaigning, which after all will last until the spring, might obstruct the restructuring of the economy. The call for acceleration may result in an explicit slowdown of the reforms. As known, in periods of election campaigns unpopular decisions are taken reluctantly, the executive branch of the government is weaker, deputies curry favor with voters, and politicians want to offer gifts to the society. Do not you share this fear?

[Balcerowicz] Well, we are in the middle of a big exam. An exam of the pass-or-fail kind. Of course, there exist democratic countries in which the so-called political cycle occurs, with politicians opportunistically making concessions in order to win votes. We in Poland cannot afford this, because we face a turning point in history and terrific challenges. If we do not cope with these challenges, we shall forfeit the great opportunity given us recently of freely determining our collective life. And then we can blame only ourselves, because we will hardly have anyone whom to make responsible. To answer plainly your question: yes, I fear the negative effect of political rivalry on the economy. What is more, I also fear that the future political system may evolve in such a manner that difficult decisions will not be taken. That is also why the present tone of the discussions of electoral laws may sound disturbing.

[Baczynski] If I understand you right, you believe that it is not possible to pursue any economic policy that is basically different from the one you are pursuing. And hence, the less the politicians manipulate the economy the better?

[Balcerowicz] I am absolutely certain that the policy whose basic elements I tried to explain will, if accepted, afford great opportunities for keeping the economy both stable and growing and hence also for the growth of individual incomes, paid in a strong and convertible currency at that. I repeat, this goal can be reached by streamlining the economic locomotive, that is, an economic system with well-performing enterprises, rather than by manipulating macroeconomic policy. I feel certain that we do not have to wait for decades in order to achieve an economic status satisfying our ambitions. And while I am cautious about longterm forecasts, I do not preclude the possibility that we may surprise ourselves pleasantly. After all, we still do not know accurately the potential of the Polish society that can be released by the new system being created. But first we must survive the next few months without causing ourselves voluntarily any more problems. We must make a choice between—the seemingly more convenient and safer—economic stagnation and economic growth.

[Baczynski] Thank you for the interview.

Mazowiecki Returns From Paris CSCE Session

Briefs Sejm on Conference Results

LD2211172390 Warsaw Domestic Service in Polish 1508 GMT 22 Nov 90

[Speech by Prime Minister Chairman Tadeusz Mazowiecki to the Sejm (lower house) in Warsaw—live]

[Text] Mr. Speaker, may it please the House: Yesterday, I returned from the Conference on Security and Cooperation in Europe, which closed a certain stage of this institution's work and opened a new one. I would like to present this matter against the wider background of our foreign policy.

Mr. Speaker, may it please the House: Satisfied nations do not have to think about the world. They live in the world. For them, the world does not constitute a source of danger, but opportunities and possibilities. Poland is in a different position. Poland has often—too often—been defined by its geographical position. That was the case in the past. We are, however, talking about today. A year ago, the Polish ship raised its anchor and sailed from the port in which it had been moored by force. I am deliberately using this metaphor in order to describe the dependence on the Soviet Union, although [word indistinct] that for 45 years, we enjoyed a certain sense of security but without freedom.

A year ago the situation radically changed; however, the freedom achieved requires responsibility, which we ourselves must already manifest, taking care to secure our

state interests. New problems have arisen along with the development of the situation in Europe: the unification of Germany, while realizing desired aspirations for unity for the artifically divided German nation, also raised fears; the transformations in the Soviet Union, for all their positive direction, create uncertainty as to how the situation will take shape in nations neighboring us to the East.

In turn, the processes of economic and political integration of West Europe have exposed both it and us, as well as other countries of Central and East Europe to the question of which of these processes will favor the integration of the two hitherto divided parts of Europe, especially with regard to the economic dimension of this integration.

Finally, the conflict in the Persian Gulf has shown that new, very large, and exceptionally threatening centers of tension are becoming manifest there, in the face of which internatonal society, freed from the East-West conflict, must and is capable of creating solidarity.

May it please the House: We have placed our foreign policy on a few clear principles. The national interest is the supreme criterion of our policy. We will base our security on a national system of defense, supervising the security of all the borders; on a system of bilateral agreements, above all with our neighbors; and finally on a system of accord on security in Europe. The movement toward European integration is what we describe as the fundamental direction of our policy. The Treaty on Association that we to sign soon with the EC will be an important stage on this journey. At the same time, however, we are seeking good relations with all our neighbors.

We are not moving toward the construction of an alliance with some against others. Our policy, which is dynamic and farsighted, has in recent months achieved a series of significant successes, about which I wish to inform the esteemed House.

The consistent and flexible policy with regard to Germany has borne fruit in the form of the Polish-German Border Treaty signed recently in Warsaw. We note with satisfaction the positive stance and understanding of the democratic Germany authorities for our security needs. I wish simultaneously to recall that many domestic observers felt the aims of Polish policy in this area were unrealistic. Our attempts to participate in the "two-plus-four" conference were described as megalomanic.

The government of the Federal Republic, just as we do, regards the process of integration among our nations as an important pretext for overcoming the legacy of division in Europe. This found expression in Chancellor Kohl's speech in Paris. Earlier, during our meeting in Frankfurt, we expressed a mutual will to seek a solution whereby the Polish-German border will not divide our nations, and also that it will not divide Europe into two parts—a rich one and a poor one.

We also attach great significance to itensifying cooperation at the regional level, especially cooperation along the borders. The elaboration of an agreement which would regulate this will be undertaken shortly by a special commission made up of representatives from both governments. It is well known that work is continuing on a broader Polish-German treaty on cooperation and good-neighborliness. While the border treaty regulated matters from the past, this second treaty will be aimed primarily toward the future. It has been decided that this work will be completed by January.

Among proof of the positive relation of Germany's authorities to our postulates, one should mention the announcement of a swift—I hope it will take place before Christmas—abolition of entry visas into Germany.

Equally, our policy toward our Eastern neighbors was dynamic and imaginative in character. Taking into account the changes occuring in the Soviet Union, we adopted the model of a two-tier policy. We are trying to maintain good relations with the USSR while at the same time trying to build direct links with the republics which are declaring their desire for sovereignty. Apart from Lithuania, with which we already have wide-ranging relations, Foreign Minister Krzysztof Skubiszewski has signed the appropriate declarations with the Russian Republic and with the Ukraine Republic. We are also counting on being able to achieve more significant progress in our relations with Belorussia.

Our aim is to respect the interests of the Soviet Union which, in its present or another form, will remain a great power and a strong presence in our part of the world, while at the same time taking into account the interests and aims of the nations which are directly on our borders.

The change of style in our relations with the Soviet Union is also shown by our aim to eliminate the remains of supranational structures which served (?foreign) domination in our part of Europe; the liquidation of Warsaw Pact military structures will take place in the near future; also, other remnants of this treaty should disappear next year. This also applies to the Comecon [Coordinating Committee for Multilateral Export Controls].

We have begun talks with the USSR Government regarding the withdrawal of Soviet troops from Polish territory and with regard to bearing the costs—by the interested states—of the transit of Soviet troops stationed in the former GDR and withdrawn across the territory of our country. The long talk I had occasion to hold with President Gorbachev in Paris was also used to discuss these issues and to confirm the good bilateral relations between our two countries on a new basis.

A meeting also took place between our delegation and a delegation from the Czech and Slovak Republic on the fringes of the CSCE in Paris. A trilateral meeting then took place with the participation of us; Czechoslovakia, led by President Vaclav Havel; and Hungary, led by Prime Minister Joszef Antall. All our countries have

many problems. There are also bilateral problems. We received an assurance on the cessation of the coking plant at Stanava, which treatens us with extensive ecological damage. The problem of border traffic with Czechoslovakia has still not been solved. At the same time, however, we ought to highlight the constructive approach and the will of our countries to coordinate policy vis-a-vis the outside world, particularly regarding our efforts to catch up with the developed world. We will also work together to guarantee the security of our region.

We met with strong support from our partners, particularly the Hungarians, for Poland's association with the Pentagonale group. Together we decided that a summit conference will take place soon in Hungary and then in Krakow, Poland. The aim of these meetings is not only to conclude a joint agreement but also to formulate a system of bilateral treaties strongly linking our countries.

The Paris CSCE conference was testimony to the presence of our policies in the general European arena. We attach great weight to the Helsinki process, because we believe it to be the broadest formula for European cooperation. The transatlantic dimension of this process is important, while the presence of the United States and Canada is indispensible for preserving the equilibrium on our continent. The participation of the USSR, which finds a chance within this process for a constructive presence in Europe, is also important.

During the Paris conference, Poland was one of several states which expressed support for securing a place within the CSCE process for the Baltic Republics, including Lithuania, which is close to us. Recognition of Poland's role in the Helsinki process may be (?measured) by the CSCE institutions which are to be located on Polish territory. I am thinking here about the Office for Free Elections in Warsaw, as well as the International Center for Culture, which we intend to create in Krakow.

This recognition could be assessed through the significance of bilateral meetings which we held during the conference. I have already mentioned the meeting with President Mikhail Gorbachev and with the leaders of Czechoslovakia and Hungary. I also wish to mention my meeting with the president of France, Francois Mitterrand, and with U.S. President George Bush. I have already met on previous occasions with each of these politicians. While in Paris, Minister Skubiszewski also had a series of important contacts with the ministries of foreign affairs of various countries.

The documents signed at the CSCE conference in Paris, that is, the treaty regarding conventional armed forces in Europe, the declaration of 22 states not to treat each other as opponents, and the Charter of European Nations, fully answer our interests. The first document reduces the military potential of the treaty's member countries and allows us to inspect their level, their state of readiness, the disposition of their troops, and their training. The second will favor ending the existence of the Warsaw Pact through the joint decision of all six member countries.

The third, thanks to our contribution in the formulation with regard to the indivisibility of European security, will not allow grey (?or) buffer zones to emerge on our continent. In it we also most solemnly confirm the common systemic norms of the CSCE countries as far as human rights and economic freedoms are concerned. Thanks to the resolutions of these three documents, Poland, as well as other countries, gains insofar as security is concerned. In this way we implement one of the fundamental aims of our policy.

Other important achievements of the conference and of our bilateral talks are, thanks to a Polish and Hungarian initiative, the securing of a promise of support for countries introducing market economies; the implementation of our postulate of setting up a European cooperation council in the shape of a council of foreign affairs ministers, formulated by me in this very room in January this year and which was supported by a committee of high-ranking representatives and a secretariat.

There is also the favorable attitude on the matter of rapidly abolishing visas, not only by Germany, but also by other states, especially France and Denmark. We will also be expecting the abolition of visa obligations on the part of Austria. During all the meetings, our interlocuters showed total interest in Poland being a permanent and promising factor in the transition to a European market economy.

May it please the House: All these contacts and initiatives have one aim: the construction of a Poland fit to assure its own security in conditions of regained freedom, a Poland that is not afraid of the world and which does not shut itself off, which, on the contrary, sees in the world a challenge and an opportunity.

In conclusion, I wish to recall the problem of our indebtedness. Our stance is known; it was often presented to the world by me and by Deputy Prime Minister Balcerowicz. We await the reduction of our indebtedness as a condition for the necessary success of our struggles with the crisis and as a condition toward the normalization of our economic relations with the West. With satisfaction, I wish to inform the esteemed House that certain changes which bear hopes have taken place in this sphere. From a negative stance, a series of Western states have moved toward seeking specific solutions to the question of our debt.

The recommendation by the U.S. House of Representatives, supporting the idea of a reduction of the debt, is surely an important step. A few days ago, I received a letter from President Bush in which he talks about the strong support that the United States is granting to our economic reforms and to the implementation of the program agreed with the IMF. The President also

announced readiness to reduce Polish indebtedness to the United States in the framework of an appropriate multilateral accord.

Also, during the conference in Paris I received many manifestations of a deeper understanding for our postulate of reducing the debt by the EC countries. In these countries the belief has arisen that it is difficult to think of faster progress in Central Europe without a greater commitment on the part of the West. We have strong indications that [words indistinct] in a short time now, to expect in a short time now the specifics of this commitment in relation to Poland.

May it please the House: The positive changes in our international situation and the creation of conditions of security for a free Poland are closely associated with the unanimity of Poles with regard to national interests and our aims in the world.

The position, the role, and the respect which Poland and its representatives enjoy abroad is the result of the strength of our democratic institutions, the strengthening of our economy, and our will to be a thorough and foreseeing partner with other states. We have already traveled a long road in this direction. The Paris CSCE eloquently reflected the change that has already ensued on our continent and sketched out its further direction.

Fifteen years ago the CSCE was primarily a plane for the mutual meeting of both blocs with the participation of the remaining European countries. Today, it is a meeting of states that have a feeling of European unity based on new and mutually implemented principles.

President Mitterrand, closing the Paris meeting, said that it is possible today to state with certainty that words such as democracy and the rights of man have ceased to be empty words. He also said that this meeting demonstrated the solidary of those who have more in common with those who need. Finally, he said that new and lasting institutions of European dialogue and cooperation have been created. One can put one's signature to each of these statements.

The charter of a new Europe passed in Paris declares: Our time is a time of fulfilling the hopes and expectations that our nations have cultivated for decades; unbreakable attachment to democracy, based on the rights of man and the basic freedoms; prosperity attained through the freedom of economic activity and social justice; and identical security for all states.

In conclusion, I wish to express the hope that our nation will be capable, in the future as during the past year, of exploiting the opportunities granted to us by history and our unbreakable struggle for freedom, that it will manifest the necessary intelligence, staunchness, and unity in matters fundamental to the fatherland, and, as I believe, supreme for all of us. Thank you. [applause]

Comments on Participants' Reaction

LD2111214890 Warsaw Television Service in Polish 1830 GMT 21 Nov 90

[Comments by Prime Minister Tadeusz Mazowiecki upon his return from CSCE conference in Paris; place and date not given—recorded]

[Text] The CSCE used to be a meeting of two military blocs, plus neutral countries; today it is the meeting of a completely changed Europe—and this was expressed by all the participants. In his closing speech, President Mitterrand said that right now we can say for sure that words such as human rights, democracy, and security are not empty words in Europe. I think he was profoundly correct.

This (?second) conference established the continuity of the CSCE in the shape of various organs: the Council of Ministers of Foreign Affairs, which will meet from time to time; the Secretariat; [words indistinct] prevention of conflicts and the (?office) for free elections in Warsaw. Apart from this many meetings were held in connection with the conference. We worked very hard as we had a number of these meetings with the Netherlands prime minister, with the Czech president, with Presidents Mitterrand and Bush, with the president of Romania, and with President Gorbachev.

Discusses 'New Situation in Europe'

LD2111220690 Warsaw Television Service in Polish 1850 GMT 21 Nov 90

[Interview with Prime Minister Tadeusz Mazowiecki by unidentified reporter; place and date not given—recorded]

[Text] [Reporter] Mr. Prime Minister, what specifically can our country get out of the Paris CSCE summit? Is this a step in the direction of the desired common Europe?

[Mazowiecki] This summit is taking place in an atmosphere of great change in Europe. I think that all the participants gave expression to this, that there is a completely new situation in Europe, and to their readiness to cooperate in various forms, and so, to multifaceted contacts. So I think that although it is difficult to [speak] here of decisions specifically directed at a particular country, I nevertheless think that the atmosphere is conducive to successors taking up these specific decisions in bilateral relations.

[Reporter] But there are also numerous fears, Mr. Prime Minister. You cited them yourself in your speech. Chancellor Vranitzky also spoke of them.

[Mazowiecki] Yes, but I think that the fact that these fears have been loudly expressed, and by various countries, has significance and that this breaks through the caution or, let's say, certain slowness in the process of

(?work) or both of these parts, and from this point of view I think that it is good that these things have been said.

[Reporter] And my last question, Mr. Prime Minister. What, as a result of these meetings, does Europe expect of Poland in your opinion?

[Mazowiecki] I believe that it expects stabilization and that we should be a significant element precisely of peaceful evolution in Central East Europe. A great deal of weight is attached to this. This was expressed numerous times. I think that Poland's role—the role that she plays—is understood. For example, recognition for the concluded Polish-German treaty and the fact that this pact has enormous significance for Europe appeared in a series of speeches.

Ministry Denies Soviet Troop Transit Agreement

LD2211214590 Warsaw PAP in English 1927 GMT 22 Nov 90

[Text] Warsaw, Nov. 22—Following recent reports in Soviet and Polish mass media on the alleged settlements on the transit of Soviet troops to be withdrawn from the former East Germany via Poland, the Polish Foreign Ministry announced today that no decisions on the issue have been made yet.

The Polish Government told the Soviet authorities on November 15 that the mass transit of Soviet troops through Poland should be regulated in a treaty, the Ministry said.

The Polish side is to propose a draft of such a treaty by the end of November.

The Polish Government will accept only safe terms of the transit, with full compensation in convertible currencies of all expenses on the Polish side. Poland will supervise the transit and will allow no dangerous materials to be transported through her territory.

In another development the Foreign Ministry explained that it is too premature yet to talk about a treaty on cooperation between Poland and the U.S.

The ministry said that THE WASHINGTON TIMES report of November 20 was untrue and if such a treaty were to be signed in future, in no way would it relate to Poland's relations with any of her neighbours.

Demonstration Marks Dec Revolution Anniversary

AU2111202590 Bucharest ROMPRES in English 1925 GMT 21 Nov 90

[Text] Bucharest ROMPRES, 21/11/1990—On the anniversary of eleven months since the December revolution, a march was staged in Bucharest by the "December 21" Association on Wednesday afternoon. The participants shouted slogans against communism, against the government and the president of the country. Mr. Alexandru Nancu, leader of the association, read the text of a protest motion to be handed to the Prosecutor's Office, to Parliament, the presidency and the government. The motion demands, among other things, the truth about the December 1989 events; information about how the "LIBERTATEA" account was being used and that a representative of the association be included in the committee administering that account; a referendum about the creation of the Socialist Party of Labour. It further demands of the government to give course to the bill initiated by the association already in April about the condition of the revolution wounded and of the revolution victims' families.

The about 300 participants in the march stopped several times on their way to observe a moment's silence in memory of the Romanian revolution's martyrs. The event unfolded peacefully.

Government To 'Support' Revolution's Victims

AU2111220590 Bucharest ROMPRES in English 2130 GMT 21 Nov 90

[Text] Bucharest ROMPRES, 21/11/1990—Answering the allegations of the "December 21" Association that there is a lack of concern over the problems of the revolution's victims, the Romanian Government informs in a communique that a series of measures have already been taken to support the said persons.

Thus, incapacity pensions are the double of the usual ones, pay for the sickness leave is 100 per cent of the normal pay for all its duration, medication is free for the wounded and first degree relatives, as well as for successors of the deceased, recovery treatment is also free, 325 wounded were sent abroad for treatment, over 150 trips in the country and abroad were organized for participants in the revolution.

These days the parliament is studying a bill on moral and material compensation for the victims of the revolution. In another string of ideas, starting from an initiative of the "December 21" Association, during the last month there were meetings between the legal committee of the Assembly of Deputies and the National Union of the Wounded and Successors of the Revolution Martyrs, of which the "December 21" Association is a member, in order to study all the details of this bill.

In its present form the bill contains clear reference to the enlargement of the administration committee of the "Libertatea" fund in order to include members of the revolutionaries' associations, so as to give them direct control over the financial operations.

The government itself is the first to express the wish that the "Libertatea" fund be made available as quickly as possible for the noble purposes it had been set up.

FSN Rallies in Bucharest's Aviatorilor Square

Roman Addresses Crowd of 15,000

AU2011194090 Bucharest ROMPRES in English 1905 GMT 20 Nov 90

[Text] Bucharest ROMPRES, 20/11/1990—The role of the National Salvation Front [FSN] as a political organisation is essential to win the people's support and confidence in the government's economic reform programme, the National Salvation Front's national leader Prime Minister Petre Roman told a rally in Bucharest's Aviatorilor [Aviators'] Square Tuesday afternoon.

The rally which brought together more than 15,000 people from Bucharest, Tirgoviste, Cluj, Ploiesti and other cities marked six months since the FSN election victory by a large margin.

Stressing the appreciation of the majority of the population for the government's reform programme which won appreciation internationally as well, Prime Minister Roman admitted though that it would also bring problems, and that the Romanian society was still subject to convulsions that should have ended with the 20 May elections that legitimised the Front. He promised that the government would take action to prevent a serious deterioration of the situation of the population and underlined that the people's wish to accede to a welfare society should be respected. We are stronger than at any other time, he said, and nobody should cherish any illusion that the FSN is outside the process of change. Other speakers condemned the destabilising actions of certain political groups and made it clear that the lawfully elected president and government would not succumb to the street. The people who distort Romania's image abroad were harshly criticised. Most of the speakers stressed that the reforms required steady work, including those who have made it their job to contest the government.

The speakers firmly condemned the initiative to create a new Communist Party stressing the big guilt of that party for the suffering it brought to the Romanian people, for the shortages of all kinds.

A FSN proclamation to the country that was read out at the end of the rally sets the future line of action of that political organisation.

Large placards carried by demonstrators and slogans chanted by them denounced corruption, the former Communist Party nomenklatura, all persons who attempt to destabilise the country economically and

politically. Support was voiced for the FSN programme, for the president of the country and for the prime minister.

The rally ended in a march on Victory Square where the government headquarters are.

Proclamation Supports Reform Program

AU2011200290 Bucharest ROMPRES in English 1912 GMT 20 Nov 90

[Text] Bucharest ROMPRES, 20/11/1990—The National Salvation Front [FSN], the proclamation read out at Bucharest's rally Tuesday says, supports the reform initiated by the government that decisively broke with the communist rule and plans to become more and more a battlefront against conservative structures, corruption and red tape.

However the FSN asks the government to be more concerned with social protection, better explain its intentions and the discussions that precede any new bill.

The National Salvation Front takes the view that the only way to protect the people' interests is to re-launch the national economy: we cannot be rich if the economy is poor, we cannot live better if the economy is sluggish. The reform is not an aim, it is the means to revive the economy.

The National Salvation Front views the government's gradual transition to privatisation as a way of protecting the working people's interests.

The National Salvation Front re-states its clear option for the peasants' land ownership, and its observance of their option association to till the land in common.

The National Salvation Front supported and supports the crystallisation of a civilian society in Romania, the separation of powers in the state, political pluralism, full freedom of expression being relevant proofs to that effect. It is further determined to defend the democratic institutions of the state of law, the presidency, parliament and the government. It regards the attacks against these institutions launched in the name of a so-called democracy not only as an offence to Romanian electorate who freely made their options, but also as a misunderstanding of true democracy which is preached but which is not respected.

As political parties appeared and disappeared, political alliances were born and died, the National Salvation Front confirmed the fact that it has a place of its own as a left-of centre social democratic political group.

The social democratic character of the Front is unmistakable and proved by practice. From this stand, the Front reiterates its openness to all democratic political forces firmly engaged in Romania's renewal.

Clearly asserting its respect for the freedom of option of the trade unions, the National Salvation Front voices its belief that in their turn the trade unions will respect the freedom of political option of the workers. The workers are the first and really interested in relaunching the Romanian economy and the trade unions cannot ignore this interest.

The National Salvation Front reasserts its wish to eliminate any tension from the ancient Romanian land of Transylvania, militates for national concord, for the assertion and observance of the inalienable rights of all the citizens of the homeland in the spirit of the unanimously acknowledged norms of law.

Concerned over the events in Bessarabia, the National Salvation Front pays special attention to the natural settlement of the situation of the Romanians on the other bank of the Prut, rejects the attempts at disintegrating the territory of the Republic of Moldova. Once again, the Romanian people reiterates its wish for national unity.

Setting from what has been achieved so far in the direction of democratization, the National Salvation Front declares:

—for the prompt, complete and correct information of public opinion in connection with everything happening in this country and abroad. We have nothing to hide from the nation,
—against extremism, against violence as political weapons, against force, against intolerance and incendiary agitation which disturb the democratic process,
—against any conservative attempts at maintaining obsolete political groups, against the attempts to re-establish extremist groups either leftist or rightist.
—for Romania's real and fast joining the European and world exchange of assets,
—for the consolidation of the new democratic institutions, for the drafting of the constitution as soon as possible on the basis of the best traditions of the Romanian and world democracy.

FSN Protests Attack on Marchers

AU2011201890 Bucharest ROMPRES in English 1912 GMT 20 Nov 90

[Text] Bucharest ROMPRES, 20/11/1990—As FSN [National Salvation Front] demonstrators started their march toward government headquarters, several hundred persons attacked them in organised groups, chanting anti-presidential and anti-governmental slogans, shouting insults. The attackers kept within 100 meters from the head of the column of demonstrators, the FSN Steering Council says in a protest issued Tuesday night in Bucharest. At the Airmen's Memorial, they began to throw stones and when they reached Victory Square they took positions in its centre, burning torches, booing and whistling, even though the demonstrators began to disband. But the columns were violently attacked with sharp objects and stones by true gangs of hooligans and hoodlums, some of which were drunk and very aggressive. The Front's supporters began to be hunted in the central streets of Bucharest. There

were victims, people were seriously injured, and one participant—a high school student—is now in hospital in serious condition. Many of the aggressors were identified as persons who were in University Square in April-June, and in August, and who took part in the Civic Alliance meeting several days ago.

The National Salvation Front strongly protests such grave facts, saying that this is not the way that a democratic society can be built in a state of law. The Front has always respected the freedom of expression of other political parties and groups, never interfered with their meetings or demonstrations, or perturbed them. The FSN members and its supporters are deeply hurt and offended by such attempted force, they no longer want to be victim to the violence of these gangs of law-breaking hooligans. Is there any intention that street terror should reign? Who has this intention, and especially for what purpose?

At the same time, the National Salvation Front expresses its indignation and amazement at the immobilism and inactivity of the order-keeping forces that should have taken action to protect an authorised rally and prevent such acts as have nothing to do with the law or with common sense. The FSN Steering Council requests an urgent answer from the Ministry of the Interior, the Bucharest Police and firmly demands that immediate steps be taken against the culprits.

Parties Oppose Communist Party's Reemergence

Senate Discusses Viewpoints

AU2011215190 Bucharest ROMPRES in English 1936 GMT 20 Nov 90

[Text] Bucharest ROMPRES, 20/11/1990—After several days of debates, on Tuesday the senators validated the bill on unemployment allowance and professional reintegration of the unemployed. Also validated, with six abstentions was the bill on the government's organization and functioning, also after heated debates, especially on the article that states that the prime minister is designated by the president.

On the request by several senators, there were discussions on the position of the Senate regarding the appearance of the Socialist Labour Party on the political scene.

Here are, shortly, the positions expressed by the leaders of the parliamentary groups:

Vasile Vacaru, FSN [National Salvation Front]: "An act of irresponsible courage";

Radu Campeanu, PNL [National Liberal Party]: "The actions of the former Communist Parties, including those of the Romanian one, made them close to the Germany Nazi Party, but a democracy must allow for the existence of all parties."

Geza Szocs UDMR [Magyar Democratic Union of Romania]: "A multiparty system implies the existence of various parties, but recreating the Communist Party under any denomination is unwelcome and condemnable."

Radu Ceontea, Romanian National Unity Party: "How can we not forbid, at least temporarily, this assassin party? The communists convinced no one but constrained everyone."

Iacob Caius, PNT-cd [National Peasant Christian Democratic Party]: "Four or five parties are enough. The political formations must rally around the main parties."

Alexandru Barladeanu, FSN, president of the Senate: "The country condemns this party, which is trying to bring it back where it started, but we have no legal right to prevent its creation."

UDC Reacts to 'Act of Treason'

AU2111104490 Bucharest ROMPRES in English 1054 GMT 21 Nov 90

[Text] Bucharest ROMPRES 21/11/1990—In a protest forwarded for publication, the Christian-Democratic Union [UDC] terms the reappearance of the Communist Party in the political arena as an act of treason to the December 1989 revolution.

They point at the National Salvation Front [FSN] as directly responsible for the situation. Had the FSN demolished the nomenklatura and the old communist structures, instead of using them the Communist Party's chances would have been nil. Consequently, the UDC requests the resignation from parliament of the whole opposition, which they see as playing the role of simply endorsing the government's decisions through their very presence there.

Youth League Protests Decision

AU2211110390 Bucharest ROMPRES in English 0951 GMT 22 Nov 90

[Text] Bucharest, ROMPRES, 22/11/1990—"We do recognize and unanimously observe the right to association and free expression of ideas as fundamental principles of real democracy, but we cannot ignore the resurrection of the Romanian Communist Party"—writes a protest forwarded by the Youth League to the Parliament, the president of Romania and the prime minister.

The League demands that the sintagm alleging that "Romanian Communist Party dissoluted itself" should be abandoned and the said party declared illegal as extremist.

Social Democrats Oppose Party's Intent

AU2211133190 Bucharest ROMPRES in English 1114 GMT 22 Nov 90

[Text] Bucharest, ROMPRES, 22/11/1990—The Romanian Social Democratic Party [PSDR] has learned with indignation about the reappearance of the Romanian

Communist Party which has shown its intention to be active under another name, that party's president, Sergiu Cunescu, underscores in a statement he signed.

The Romanian Social Democratic Party (PSDR) has always been convinced that the Romanian Communist Party continued to exist after the revolution as well, though the state leading bodies have maintained that it virtually disappeared, thus misleading the Romanian people.

That is why the PSDR demanded in the November 15 parliament's session that the government should table a report on the situation de facto of the Romanian Communist Party, on its activity and wealth, before the anniversary of the revolution. The Romanian Social Democratic Party has considered that leftist totalitarianism is the greatest danger for the democracy we are to build in Romania.

Since the RCP has been guilty for 44 years of the most serious prejudices caused to the Romanian people, more particularly of genocide, of economic disaster, undermining of public morality and culture as well as of Romania's losing its prestige.

Worldwide, the PSDR demands public condemnation of the RCP activities in the last 44 years and trial against the guilty of the country's disaster, application of the decree-law no. 8 of December 31, 1989 which forbids the functioning of parties that propagate a conception against state order and the order of law in Romania, in this case, of the Romanian Communist Party under its new name, and public exposure by the government of the assets that belonged to the former RCP and the way in which they are to be used in the people's interests.

The Romanian Social Democratic Party states that it will further fight for the establishment of the state of law and of democracy in Romania, and will disclose and thwart any extremist either rightist or leftist activity which might undermine the Romanian people's unity.

Intelligence Service Chief Addresses Parliament

AU2211114390 Bucharest ROMPRES in English 1104 GMT 22 Nov 90

[Text] Bucharest, ROMPRES, 22/11/1990—The routine weekly joint session of the two chambers the Senate and the Assembly of Deputies that started on November 22, has in its agenda the presentation of an account of the activity of the Romanian Intelligence Department, to be read out by its chief, Virgil Magureanu. It seems to be for the first time that the legislative forum hears such a document. This may be precisely the reason why Virgil Magureanu made a point of stressing before starting the discussion proper, the wish of the institution he represented to collaborate, to be subject to the Parliament's control, especially the control of the Specialized Standing Commissions, so as to be able to unfold its activity in good conditions.

Opening the session, Alexandru Birladeanu announced the presence in the hall of 381 senators and deputies. The rather large number of absent parliamentarians 134 is due to the fact that they are currently engrossed in the activity of specialized commissions, including those that draft the constitution and investigate the June 13-15 events.

Socialist Labor Party Issues Communique

AU2111134090 Bucharest ROMPRES in English 1249 GMT 21 Nov 90

[Text] Bucharest, ROMPRES 21/11/1990—"The appearance of the Socialist Party of Labour—SPL—in today's Romania's political life, following the merger of the Democratic Party of Labour with the Socialist Party," says a communique of the Steering Committee of SPL, "is an important moment in ensuring the continuity of the valuable progressive traditions of the working class, socialist and democratic movement in Romania."

The communique stresses that SPL accepts political pluralism, is the supporter of the interests of the workers, peasants, and intellectuals working creatively, is against dictatorial, Stalinist, Ceausescu-like practices and places the people's interests before their own.

An appeal is launched to "political lucidity and national consensus for coping with the present crisis, in view of ensuring Romania's prosperity and increasing its prestige all over the world.

* Goals, Supporters of New 'Civic Alliance'

* Seeks National Dignity

9IP20030A Bucharest ROMANIA LIBERA in Romanian 7 Nov 90 p 1

[Text] A number of groups from civil society: The "15 November—Brasov" Association, University Solidarity, the "Timisoara" Society, the Group for Social Dialogue, the "Agora-Iasi" Society, the Independent Group for Democracy, and the Pro-Democracy Association, and a number of signers, as representatives of these groups, or on their own behalf, taking note of the social impasse generated by the intolerable silence in regard to the truth about the Revolution and about the social movements which culminated in the acts of violence of 13-15 June, seeing the feelings of desperation of those who see how the victims of the December events have been betrayed and how the recovery of the old state and party apparatus has, gradually, been taking on the dimensions of a counterrevolution, anxiously observing the blocking of economic structures by a bureaucratic body which does not want to give up its old and undeserved privileges, seeing the lack of hope of hundreds of thousands of Romanians who have chosen the route of exile, taking into consideration the fact that civil society has been and is the alternative force which should oppose and is capable of opposing these tendencies, have decided to

establish the "Civic Alliance" as a structure for the cooperation of all social energies which support the values of faith, humanisml, and democracy, as the only way to prosperity and to the restoration of national identity and dignity.

* Statement of Principles

9IP20030B Bucharest ROMANIA LIBERA in Romanian 7 Nov 90 p 1

[Text] Romanian society is in a serious crisis from which it can emerge only through the efforts of all of us. The Civic Alliance addresses itself to all those who are considered to be responsible for the future of Romania as well as those who are in power.

Romania is in a deadlock which can lead to a catastrophe if groups, personalities, and persons who have proven their attachment to democracy and to the values of European civilization do not undertake wide-ranging action in the framework of civil society. The future depends on our decision to dedicate ourselves completely to national recovery.

The Civic Alliance proposes to act energetically to assist in the process of the development of a Civil Society, the only type of society which can ensure the exercise of the citizens' freedoms.

The Civic Alliance considers as aggravating factors the multiple forms of intolerance, falsification, hatred, corruption, egoism, and ill will. The Civic Alliance militates for the eradication of all these things and maintains that we need both truth and bread. Without a rapid revitalization of the moral values affirmed in the revolution, our people are in danger of sinking into chaos and barbarism. We realize that the protection of the citizen can be achieved only in a free Romania. We are poor in a rich country. The only way out is to put the Romanian economy into the world system by moving on to a market economy.

The Civic Alliance supports a radical and realistic reform as the way out of our situation and it also supports the simultaneous enactment of measures of social protection, especially for the poor and disadvantaged. We maintain that the reform of the Romanian economy can be carried out only in close connection with the full democratizatioon of political and social life. We are in favor of a constitution which would guarantee all the traditional freedoms of democracies. Respect for pluralism, the right to association, the assuring of human rights and freedom of the press are values without which a civil society and a state of law cannot exist. The Civic Alliance rejects all forms of censorship and limitation of the freedom of expression of citizens.

The Civic Alliance states that only correct, complete and timely information can protect society from abuses and violations of the rules of democracy and lead to the formation of a citizen who is conscientiously involved in political and social life.

The Civic Alliance supports the right of each citizen to have access to sources of information, and to documents of local and central administration, just as in all civilized societies. In this way, the voter will be able to exercise constant control over the government which he himself has delegated to protect his interests.

The Civic Alliance protects, without reservation, the European values,to which we belong by origin, mentality and tradition.

Today Romanians live on all continents. May the uniting of all our efforts ensure a future for the country.

The Civic Alliance maintains that, more than ever, energetic and broad actions for the protection of the citizen are needed. In this framework, the Civic Alliance supports the workers' demands for well-being, for a more dignified life in full freedom, for rights resulting from their work. The Civic Alliance militates for peasant ownership of the land.

The Civic Alliance is opposed to all forms of violence, including the threat to use violence.

The Civic Alliance calls upon the church to support its efforts to revitalize the Civil Society and to assume the responsibilities assigned to it.

The Civic Alliance invites citizens to support our statement and to make improvements in it.

Only together will we be able to succeed.

* Signers of Statement

9I2P0030C Bucharest ROMANIA LIBERA in Romanian 7 Nov 90 p 1

[Text] Constantin Abaluta (writer), Gabriela Adamesteanu (writer), Florenta Albu (writer), Gabriel Andreescu (physicist), Dinu Antonescu (physician), Liviu Antonesei (writer), Andrei Apostol (worker), Vartan Arachelian (editor), Vasile Anghel (lathe operator) Brasov, Cornel Daniel Ardeleanu (aircraft mechanic) "Turbomecanica", Vasile Anghelache (technician) Brasov, Valeriu Baldovin, Cezar Baltag (writer), Petre Mihai Bacanu (journalist), Paul Becheanu, Isidor Berbecaru (priest), Horia Bernea (artist), Adriana Bittel (writer), Mircea Barsan (physician), Victor Barsan (physicist), Ana Blandiana (writer), Gheorghe Boldur Latescu (prof., dr.), Eugen Borcoci (lecturer, dr., eng.), Mircea Borcos (dr., researcher), Paul Bortnovschi (scenographer), Ion Bruckner (dean, Institute for Medicine and Pharmacy), Mihai Buculei (sculptor), Razvan Bucuroiu (professor), Luchian Buligescu (prof., dr.), Octavian Buracu (physician), Catalina Buzoianu (film director), Adina Cezar (choreographer), Corneliu Cezar (composer), Constantin Chiticaru, Livius Ciocirlie (lecturer, dr.), Barbu Cioculescu (journalist), Ilies Cimpeanu (university associate), Magda Cirneci (art critic), Denisa Comanescu (writer), Gheorghe Constantin (prof., dr.), Ion Constantin (prof., dr.), Mihail Constantinescu (physician), Emil Constantinescu (lecturer, dr., assistant

rector, Bucharest University), Nae Constantinescu (physician), Iulian Cornateanu (eng.), Doina Cornea (prof.), Ion Coste (lecturer, dr., assistant dean, Faculty of Agronomy), Cornelia Costinescu Ionescu, Valentin Cotarta (engineer), Alexandru Craciun (worker), Petru Cretia (philologist), Eugen Cuteanu (lecturer, dr.).

Dan Daianu (dr., assistant dean), Petre Radu Damian (physician), Aurel Demian (lecturer, dr., eng.), Vasile Deaconescu (journalist), Mircea Diaconu (actor), Eugen Dichiseanu (editor), Gabriel Dimisianu (writer), Georgeta Dimisianu (editor), Alexandru Dobrescu (writer), Stefan Augustin Doinas (writer), Vasile Dorobantu (lecturer, dr.), Mihai Dragomirescu (prof., dr., rector), Vivi Dragan (film maker), Paul Drogeanu (ethnologist), Constantin Ticu Dumitrescu (president of the AFDPR [expansion unavailable]), Cristinel Dumitrescu (eng.), Mircea Dumitrescu (artist), Sorin Dumitrescu (artist), Smaranda Enache (professor), Radu Enescu (writer), Tomnita Florescu (architect), Alexei Florescu (psychologist), Virgil Feier (prof., dr., physician), Radion Galeriu (physician), Paul Gheorghe (eng.), Petru Gheorghiu (architect), Mihai Gheorghiu (eng.), Dan Gherghiceanu (physician, surgeon), Mihai Giugariu (writer), Petre Gladcov (lecturer, dr., eng.), Mircea Gociman (president of the "N. Stanescu Foundation"), Vasile Gogea (journalist), Vasile Gorduz (sculptor, univ. prof.), Mircea Gotan (prof., dr., dean of agronomy) Nicoieta Grecu (prof.), Dan Grigore (prof. of musicology), Stere Gulea (film maker), Doina Hasnes-Ciurdariu, Bedros Horasangian (writer), Florin Iaru (writer), Sorin Iliesiu (film maker), Petru Iliesu (writer), Dumitru Iuga (technician), Peter Katerina, Sorin Lazarescu (economist), Eugen Leahu (student), Gabriel Liiceanu (writer), Maria Luca, Sava Luca.

Cezar Macarie (physician), Nicolae Manolescu (prof., dr., director of ROMANIA LITERARA), Mariana Marin (writer), Angela Marinescu (writer), Mihai Manescu (plastic artist), Ion Manucu (engineer), Florin Gabriel Marculescu (journalist), Sorin Marculescu (writer), Gheorghe Maruta (builder), Radu Michaescu (scientific researcher), Marina Mihai (lecturer, dr., eng.), Mircea Mihaies (writer, chief editor of ORIZONT), Mariana Mihut (actress), Ion Mircea (writer, chief editor of TRANSILVANIA), Remus Mistreanu (engineer), Horia Moculescu (composer), Petru Moldovan (journalist), Ioan T. Morar (journalist), Cornel Moraru (writer, chief editor of VATRA), Mihnea Moroianu (lecturer, dr.), Adrian Moruzi (researcher), Marian Munteanu (student), Vladimir Munteanu (architect), Horia Murgu (prof.), Ioan Muscutar (prof., dr.), Silvia Mustaciosu (student), Vera Maria Neagu (journalist), Caius Mutiu, Octavian Nemescu (composer), Dragos Nicolescu (physician), Stefan Niculescu (composer), Nicolae Noica (univ. lecturer), Alexandru Paleologu (writer), Octavian Paler (writer), Paun Ion Otiman (prof., dr., rector, univ. agric. sciences), Alexandru Pesamosca (physician), Adrian Petraica (aircraft mechanic) "Turbomecanica," Zoe Petre (prof., dr., dean,Faculty of History), Teodora Petrila (physician), Lucian Pintilie (stage director), Dragos Pislaru (actor), Maria Anca Poliac (economist), Cornel Pop (researcher), Georgeta Pop (historian), Ioan Pop, Constantin Popa (prof., dr.), Mariana Popa (lecturer, dr.), Octavian Popa (prof., dr.), Alexandru Popescu, Liliana Popescu (univ. lecturer), Pompiliu Popescu (univ. prof., rector, Institute for Medicine and Pharmacy), Alexandru Popovici (prof., dr. eng., assistant rector, Institute for Oil and Gas, Ploiesti), Dorin Popovici (lecturer, dr., eng.), Vasile Popovici (writer), Nicolae Predescu (prof.), Viorel Prelici (lecturer, dr.), Nicolae Prelipceanu (writer), Ion Purice (prof.).

Stefan Radoff (actor), Dan Radu (lecturer, Bucharest Polytechnical Institute), Nicolae Radu (physician), Silvia Radu (sculptor), Serban Raducanu (engineer), Dan Radulescu (prof., dr.), Florina Radulescu (student), Ioan Radulescu (dr., eng.), Constantin Radoaca (student), Victor Rebengiuc (prof., dr., rector , Bucharest Theater and Film Academy), Cornel Regman (writer), Toma Roman (writer), George Roncea (student), Ioan Rosca (mathematician), Mirela Roznoveanu (journalist), Romulus Rusan (writer), Ioan Savu, Mircea Sevaciuc, Constantin C. Sirbu (inspector), Liviu Sambotin (lecturer, dr.), Mario Smigelschi (architect, dean, Institute of Architecture), Ion Socoteanu (surgeon), Mihai Soroceanu, Mircea Spataru (sculptor, rector, Academy of Arts), Mugur Stanescu, Petre Stoica (writer), Liviu Ioan Stoiciu (writer, chief editor of CONTRAPUNCT), Ion Stratan (poet), Daniel Suceava (musicologist), George Serban (prof.), Tia Şerbanescu (journalist), Ana Sincai (editor), Mihai Sora (philosopher), Elena Stefol (writer), Stelian Tanase (writer, chief editor of "22"), Tanase Tavala (dr., eng.), Napoleon Tiron (sculptor, univ. prof.), Eugen Todoran (prof., dr., rector, Univ. of Timisoara), Eugeniu Toma (physicist), Gabriel Tomescu (lecturer, dr., eng.), Eugen Tudose (mechanical lathe operator) Brasov, Athanasie Trutia (prof., dr., dean, Faculty of Physics), Nicolae Taranu (lecturer, dr.), Radu G. Teposu (journalist, chief editor of CUVINTUL), Anton Uncu (journalist), Doina Uricariu (writer), Eugen Uricariu (writer), Tora Vasilescu (actor), Iulian Vasilescu (student), Alexandru Valentin (prof., dr., dean, Faculty of Philosophy, Bucharest),Radu Vladea (lecturer, dr., eng., rector, Technical University), Daniel Vighi (writer), Teodor Vintilescu (dr.), Emil Nicolae Vizanti (eng.), Mihai Zamfir (univ. prof.), Florin Zamfirescu (actor, univ. prof.), Vladimir Zamfirescu (painter), Harald Zimmerman (journalist).

* Roman Reports on Status of Economic Reform

91BA0065A Bucharest DIMINEATA in Romanian 23 Oct 90 pp 3-6

[Report by Prime Minister Petre Roman on the stage of implementation of the economic reform and the need to speed it up, presented to the two chambers of Parliament on 18 October 1990]

[Text] Messrs. Chairmen, Ladies and Gentlemen Members of Parliament [MP's]:

Today I will present a report whose substance makes it the key test of the government before the nation, the test of its qualification to pursue the strategy of implementing the reform. In contrast to other tests, the government cannot afford to fail this one. Indeed, this is a test that the government cannot take again.

The Romanian society is at a decisive phase for its access to democracy and a modern life. This is the phase at which we build the foundations for the renovation, if not the rebirth of our society.

Out of the vast and complex configuration of the steps that need to be taken now and that are continuously multiplying because of many expected and unexpected linkages with the country and the international community, it is our task to decide the logical, disciplined, and professional succession that will help achieve the reform.

Ladies and Gentlemen MP's:

We need a few concise references to the economic results achieved in the 1 January-30 September 1990 period. These results mainly attest to inefficient activities in most of the branches and sectors of the national economy.

During this period there has been absolute deterioration in the capability to generate national revenues, which translated into a 27.7 percent drop in net industrial production, i.e., in newly created value.

—The electricity consumption index for net production (kWh/1,000 lei) rose by 23.7 percent.

—Labor productivity in the national industry calculated on the basis of commodities production dropped by 22.8 percent.

—Regarding money management, while the work time was reduced by 16.7 percent, the total payroll increased by 11.2 percent and the total cash revenues of the population increased by 26.1 percent.

The inefficient activities carried out in many areas were the reason that only 88.3 percent of the state's main revenues were achieved, while certain budget expenditures increased substantially.

Budget outlays for scientific research, maintenance and repair of roads and bridges, communal administration, and subsidies for the social-cultural sector increased considerably compared to the same period of the past year.

The increase in the total cash incomes of the population added to the real pressure on the purchase power of the leu. Thus, while on 1 January 1990 for each leu in circulation we had commodities totaling 19 bani [1 ban=100th of a leu], at present they total 14 bani, while prices and tariffs rose only 2.2 percent; if the present trends continue, the level may drop to 10 bani, something which in fact would indicate spiraling inflation.

Another negative situation concerns the volume of investments achieved in the first nine months [of 1990], which was 23.1 percent below provisions and 44.6 percent below last year's volume.

Economic enterprises and departments seem to have difficulties understanding, or don't want to understand that the ability to ensure the payroll depends on the work done, as do the currency resources required to cover imports—they hinge on the completion and fulfillment of export contracts.

We need to point out that if in the first nine months of 1990 the volume of exports had been about 80 percent of the same period last year (i.e., approximately the same as the percentage of industrial production, which makes up over 90 percent of the total volume of exports), we would have had a positive trade balance with a surplus in hard currency ($132 million) and the clearing deficit would have been only 257 million rubles.

Since, however, the volume of exports was about 54 percent of last year's and deliveries to the market stocks were 0.9 percent lower, the difference must be in stockpiles and unfinished production, which in the first semester of this year immobilized 328.8 billion lei in industry alone, i.e., 57.3 percent of the commodities production (compared to 32.5 percent in 1989). This indicates that the resources were utilized uneconomically and against the interests of the society.

What economical principle can be invoked by the enterprises that request loans to finance imported material which is then wasted just on maintaining the status quo without promising any real profit in the future? Enterprise autonomy could not possibly be put to worse use.

This is the moment of truth. We are facing six months of winter and the price of merely continuing the situation as it is will be a quarterly trade deficit of about $1,200 million. This is unacceptable both economically and from the viewpoint of real credit opportunities.

The solution is to implement a firm plan, which is featured in the basic principles of the reform.

Ladies and Gentlemen MP's:

A coherent and convincing presentation of the actions and pace that the government plans for the future must be based not only on a diagnosis of the current economic situation, but also on an analysis of the present stage of legislation of the economic reform envisaged in the government's program, and of the insights gleaned from the effects that this incipient reform has already generated.

Along this line we must point out that the government has taken upon itself the main role in the legislative initiative, prompted by the principle that a deep-going economic reform cannot be achieved within the legal framework inherited from the dictatorship. We remain faithful to our declaration that the reform must begin

with a legislative shock, and we are determined to speed up the rate at which we send draft bills to Parliament.

Among the bills that the government has presented in Parliament the most important for the economic reform is undoubtedly Law No. 15/1990 dealing with the reorganization of state economic units as autonomous managements and commercial companies. Although you are very familiar with this bill, I will take the liberty of reviewing its most important principles, because they largely serve to highlight our entire concept. Thus, the law in question will effect an essential change regarding property; it eliminates the principle that the state is the sole owner of the main means of production, and thus the only factor of decision regarding other people's fate, and it transfers the state's assets to autonomous managements and commercial companies as private legal entities. Obviously, such a change is apt to generate essential changes in the administration of the assets, because the owner—i.e., the management or commercial company—indubitably has a right to autonomously decide on how to use and accumulate its resources.

The same law will serve as the basis for the free transfer of a considerable part of what may be described as state capital to the population through a system of value certificates, thus enabling Romanian citizens to become stock holders and investors in the commercial companies of their choice.

And finally, Law No. 15/1990 lays the foundation for implementing the policy of dismantling monopolies and eliminating administrative constraints by frontally attacking production monopolies, dismantling the centrals as intermediary links specific of the economic system of bureaucratic centralism, lifting the state monopoly over foreign trade, and restricting the state monopoly on foreign currency. These beginnings must be developed through a bill on banking reform which will also eliminate the state monopoly in the banking area, and through a program of gradual transition to a convertible leu.

In necessary conjunction with Law No. 15/1990 the government has proposed two other bills that are at an advanced stage of adoption in Parliament: the Law on Commercial Companies and the Law on the Trade Register.

The bill dealing with commercial companies is aimed at achieving a uniform legal regime for the establishment and operation of all commercial associations regardless of whether they are opened with state or private capital, Romanian or foreign capital. Similarly, it simplifies the establishment procedures by taking them away from the jurisdiction of administrative bodies and transferring them to judiciary bodies. Another purpose is also to eliminate the arbitrary restrictions set by the former legislation on the development of small private enterprises, with a view to paving the way for the development of a strong sector of small and medium-scale industry in our economy. Evidently, this sector also needs a private market for raw materials, technologies, and means of production, which can emerge in tandem with the expansion of the number of commercial associations and following the normalization of contractual relations among producers. The law already permits such things, but mental inertia and insufficient economic incentives have held back progress. And finally, the Law on Commercial Associations, aside from simplifying procedures, is designed to provide greater means of attracting foreign capital by granting financial advantages, especially in connection with taking profits out of the country.

Along this line we want to announce that the government is working on a bill on foreign capital investment, which in its turn will supplement the package described above. This bill will enable foreign investors to own, establish, and exploit assets in Romania, assets that don't necessarily have to be constituted in commercial companies. This is especially designed to allow us to open facilities that we cannot run ourselves because of lack of money or technologies, and to increase the efficiency of certain Romanian capacities which will otherwise be deprived of the necessary expertise and means to improve management, optimize investments, and update technologies.

Concerning the implementation of the laws already adopted, the government has issued decisions providing means of turning certain public capacities and assets into concessions, transforming domestic and foreign trade units and tourism facilities into commercial companies, etc.

The very short time elapsed since the installation of this government has not allowed us to adopt any other bills or to make progress in the discussion of other laws in Parliament, although bills dealing with the fiscal legislation, the reform of the budget policy, financial auditing of activities of public interest, etc., are indispensable for the coherence and efficiency of the reform process. It can be said that on the one hand, the implementation of the laws adopted was slowed down by objective and subjective factors such as the chronic shortage of energy, raw, and other materials that in some cases required controling government interventions, and the lack of experience or the resistance to change of the persons involved in opening and running economic agencies specific of a market economy. Against this background we witnessed the manifestation of pathological secondary phenomena inevitably linked to the process of transition, such as: the proliferation of fast profit-oriented activities in the area of nonproductive services, a relative polarization of wealth, corruption, and illicit commercial activities. The government has taken and will continue to take measures to eliminate these phenomena—for example, it has established commercial control departments at prefects' offices and city halls and a body of public watchmen and it is preparing to establish a financial control guard. However, excessive efforts to combat side effects present a considerable risk of lowering the efficiency of endeavors to attain our main objectives. It was only

natural that the transition to a market economy would brutally bring out the latent maladies of the old economic mechanism. If some people are getting rich quickly through nonproductive activities, that is primarily because the price system is artificial, and when prices do not reflect the real value of products, this abnormal situation can be easily exploited through a system of intermediaries apt to make quick money for someone. This system, the outcome of a desire to make money that in itself is not damnable, merely takes advantage of the distortions existing in the price mechanism that the state was hesitating to eliminate. What we must do is not impoverish at any cost those capable of making money, but offer them incentives to invest their profits in productive ventures beneficial to the entire community. Alone the new jobs that such investments can create are of indisputable social interest.

Evidently, in a democratic society each citizen is obligated to declare all his earnings, which must come from a legal source.

At the same time, it is not the privatization of the trade network that is creating supply problems, but the resistance to privatization, because of which the commercial resources transferred to the private sectors were below criticism from the viewpoint of quality and object. The effect of this was to reduce competition and encourage corruption. Consequently, the privatization of trade and distribution facilities must be generally sped up, because private dealers will not steal their own merchandize in order to sell it under the counter. State trade has been irrevocably demonstrated to be an arbitrary structure contrary to public interest.

Ladies and Gentlemen MP's:

Artificial prices and the absence of competition are two of the painful problems of the Romanian economy and its recovery. They contribute to disrupting economic flows and distorting all the relationships between the basic structures of the system. As is known, a problem can be correctly solved only if it is correctly formulated. However, as long as our economic problems are raised and defined in terms of artificial prices, they will lead to artificial solutions.

Our economy cannot be restructured so as to reestablish the balance between resources and capacities and between supply and demand only through decisions from above; and it certainly cannot be restructured without establishing which enterprises are profitable and which are not. This, in fact, is the premise for a comprehensive and wise policy of state subsidies designed to help economic units that find themselves in difficulties. However, such an image cannot be conceived as long as the prices do not reflect the value and productivity relationships among various products and producers.

It is quite probable that in the short term, the price liberalization—as a measure that the government must urgently introduce—will not restore real relationships by cutting prices. Nevertheless, the liberalization, especially in conjunction with competitiveness, does not necessarily mean price hikes, it may even lead to lower prices. This, however, is the price we must pay to fill our stores, combat corruption and illicit gains, encourage viable economic factors, and relaunch the economy.

We are not partisans of runaway liberalization. We intend to carry out liberalization combined with measures to protect the population within the scope allowed by the economic situation. Along this line, the government policy on price liberalization and auxiliary measures of social protection envisages free price setting on the basis of the combined effect of supply and demand on products, work, or services offered by at least three economic sources. This measure will have to be generally applied to both autonomous managements and commercial companies, and to the state units that have not yet been able to organize according to Law No. 15/1990, and it is based on the fact that the existence of several suppliers in competition with each other is in principle apt to block exaggerated price increases.

To prompt economic factors to conserve and rationally utilize basic raw materials, fuel, and energy, so that by reducing the present exaggerated consumption the supply pressure can be eased, the price of these items has been set by the government at a higher level. Another purpose of this is also to equalize the tariffs paid by economic factors and those paid by individual consumers. We want to stress this aspect because it constitutes a negation of the former regime's policy whereby the consumer was forced to subsidize wasteful industrial consumption out of his own pocket.

On the other hand, as of 1 November 1990 we decided to devalue the leu in relation to the dollar to a ratio of 35:1, which will be the sole exchange rate used throughout the economy. In its turn, this measure is designed to bring down unjustified consumptions in industry by making imports more expensive, to discourage the foreign currency black market, to encourage exports by increasing their efficiency, and to attract foreign capital investments. The exclusive utilization of the above exchange rate in all import-export transactions will also serve to show which ones are not profitable and which ones are in need of state subsidies.

In relation with the effects obtained by the implementation of the new exchange rate and the experience gained from foreign currency auctions among Romanian economic factors, we will be in a position to more precisely determine the correct ratio between the dollar and the leu and to make the necessary corrections.

The new price-setting system makes it necessary to modify the goods sales tax and make it more flexible; this tax will be applied on the basis of generalized percentage quotas to all economic agents, regardless of the form of ownership, and the system of fixed quotas will be abandoned.

Generally speaking, the retail price of products that enjoy subsidies or compensations will be set by the

government in negotiation with the economic factors or suppliers. These will be maximum prices, within the limits of the particular ceiling approved; the suppliers can, however, set lower prices, depending on their productivity and the profits they expect to make.

In order to ensure social protection while implementing the policy of price liberalizsation, the government intends to maintain unchanged the consumer retail prices for energy, fuel, and rents until the beginning of 1992; for this purpose, subsidies will be granted in the amount of about 25 billion lei in terms of 1990 figures.

As for basic food staples—the so called "daily basket"—and certain industrial goods and services that make up an important percentage of people's needs, their prices will be increased up to certain limits set by the government, so as to reflect as accurately as possible the impact of higher energy and raw materials prices for the producer and to allow the latter to carry out efficient activities by duly covering his cost price. The new prices of the items in question will remain unchanged for at least one year, during which time each citizen, both salaried and pensioners, will receive a fixed, tax-free cash compensation from the state.

And finally, for consumer goods and services which are not essential but which permit people a civilized living standard (for example, certain categories of fruit and vegetables, knitwear and footwear that do not constitute luxury items) the prices and tariffs will be allowed to float freely, but salaries and pensions will be connected to them on the basis of a foreseeable average monthly index of price increases.

This mechanism was conceived so as to protect the consumer through subsidies while ensuring producers freedom of movement according to market rules.

In these conditions, the government plans to also protect people's savings deposited at CEC [Savings and Deposits Bank] or, following the banking reform, at commercial banks. Along this line, the interest rates applicable to savings accounts will also be liberalized.

While presenting these social protection measures planned by the government, we have to stress that they are mostly intended for those unable to work: pensioners, children, and mothers of infants. A whole system of supplementary relief will be dedicated to this category.

All the social categories included in the active labor force have both the opportunity and the obligation to protect themselves through work. If they work more and better and if labor productivity rises, prices may drop without state intervention, even in conditions of price liberalization. Similarly, the state promoted a bill on combined earnings, whereby those tho can and want to work more and better can derive combined incomes from every job.

The Romanian economic environment has long been polluted by the absence of real competition; the industrial structures of the past favored concentration in large enterprises or centrals which, by neutralizing the legal entity of the enterprise, stiffled initiative and honest endeavors, and deprived the enterprise of the ability to manage its own funds. This was responsible for institutionalizing planned losses, for which we are still today paying; we have in the economy 330 enterprises that incurred losses of over 21 billion lei in the first six months of the year. They are the outcome of planned prices and volumes for a market in which commodities were sparse and competition inexistent.

At a macroeconomic level, a profusion of competitors and free economic agents is a sure method of encouraging industrial growth. The approximately 50,000 private entrepreneurs—146 of whom are societies with foreign capital contributions—that have emerged in the market this year despite all the frustrations created by the tendency of the bureaucracies of local departments or administrations to trivialize them, survive and continue to exist because they have market recognition. Why? Because they are carrying part of the inevitable cost of market development; because they are naturally opposed to the illicit withdrawal of products from the market; because they sometimes lend legitimacy to new technologies and new products that big industry cannot tackle; and finally, because they contribute to establishing the viability of new industrial activities.

We intend to encourage the opening of new commercial associations as we assess the assets of enterprises and accumulate development funds. The emergence of entrepreneurs is like a breeze of fresh air in the economy and a sure means of ensuring competition and its outcomes. Commercial associations and even autonomous managements based on the structures of the old industrial complexes and conglomerates will not receive any protection from the government against this type of entrepreneurs. More than anything else our economy needs competition in the production of values. The flexibility and creativity of small and medium-size enterprises successfully supplement our limited opportunities for development investment.

Within this process, the state administrative apparatus need no longer act as a sieve for the laws and decisions that express the government's policy. More often than not, what remains in the sieve is precisely the material for innovation, while what filters down to the enterprises is the routine. By definition routine means lack of creativity and is the opposite of initiative.

The government is determined to shake up the "cabal" of the residues of the old, inert administrative structures that contribute to diluting the effects pursued by the new laws and governmental actions, and to deal decisive strikes toward unfettering the economy from the constraints of pro-bureaucratic centralist reflexes.

This will be done not through arbitrary pressures on people, but mainly by attacking the roots of the system. While until now the distortions were maintained by artificial prices, the price liberalization will create—albeit not without pain—a balance and incentives for securing and preserving a niche in the market. Secondly, the simultaneous devaluation of the national currency, the introduction of real foreign market prices in enterprises' accounts, and the introduction of hard currency auctions create solid foundations for the gradual transition as of 1 January 1991 to a convertible leu. All these factors are apt to stimulate competition not only domestically—although that is our primary interest—but in the international market, too, thus forcing and allowing enterprises to adopt long-term strategies in which the market is what decides the microeconomic political options.

The condition for ending our state of poverty is to eliminate the structural imbalances of the economy. Our present capital reserves do not allow us to waste money on maintaining unprofitable enterprises at the expense of the budget. We cannot afford to do that from a moral viewpoint either, because under a legislation designed as an incentive for salaries we cannot allow tens of thousands of workers to be from the start doomed to many years of living on a minimum wage even though the level of their training entitles them to something better.

We must seriously examine our domestic resources and those we can secure through imports of raw materials, energy, and materials—for which we must create domestic means of payment—and imports of capital and we must resolutely start the process of resizing economic activities by paring down some capacities that consume resources without generating profit.

The excessive production costs of the great majority of Romanian industrial products are the outcome of poor engineering design and routine work instead of creativity.

The exceedingly high production cost of a Dacia car is due not so much to poor productivity, as particularly to the fact that for 20 years not one single significant innovation was made in the engineering of this car. This is actually the situation throughout Romanian industry. The extraordinary leap forward achieved by the Japanese or Korean industries is incorporated in the very high degree of utilization of the basic materials that make up the production process. Waste of material at the various stages of production, inevitably accompanied by uneconomical energy consumption, is most often the direct outcome of poor engineering. In a work published this year in the United States regarding state-of-the-art management it is said that "engineering is not only the only reason that American companies trail behind (Japan, Germany, and Korea—ed. note), but also one of the main reasons for the failure to bridge this gap."

It is easy to appreciate how serious this situation is in our country.

The problem that we must solve through appropriate legislation is creating a framework in which the engineers, researchers, and designers will feel personally responsible for their product. Anonymous work, even well paid anonymous work, does not offer sufficient incentive.

The much more efficient solution is to link the engineers to the outcome of their work, to organize this work according to the criteria of the product or the customer, and to eliminate intermediary decisionmaking rungs. Indeed, gathering together the best experts to work on a new project is strongly stimulative, while using the same specialists to smother in detail a routine project cannot yield results and has no technological or innovative virtue.

What kind of technologies should we promote?

For a country still living in relative poverty we must give priority to those that do not involve great financial risks, such as, for example, agricultural and food processing equipment, agricultural machinery for small-scale operations, equipment for the tourist industry, etc.

In general we will be better off promoting technologies that we can actually use taking into account the existing level of qualification. The introduction of key modern technologies—when justified by market canvassing—will undoubtedly involve complex cooperation with foreign partners guaranteed to provide industrial and commercial assistance.

Now that the market is a reflex reaction to dysfunctions and that the only means of supplying it is to inadequately mete out resources and maintain the necessary coherence to prevent the deterioration and breakdown of the economic mechanism, we are determined to encourage the creation of a new balance through two approaches: on the one hand, by prompting competition, with a view to creating the due intensity and quality of relations among economic factors and between them and the market; and on the other hand through their freedom of action in conjunction with substantially reducing material balance sheets [balante]—from about 2,200 in 1989 to 600 in 1991, 168 of them at macroeconomic level. Their management will be aimed at both restructuring and at ensuring equal treatment for all the enterprises, whether private or state financed.

Restructuring seems to be a powerful remedy, but it is also an excuse for past mistakes and for justifying enormous depreciation of the existing social capital. The restructuring policy, however, while being geared toward the future, rests on the known circumstances of the present. Once the restructuring is completed and new types of economic activities are launched, there is no guarantee that they will be commercially "healthy."

Consequently, we intend to use appropriate economic and financial tools to protect the social capital at our disposal, namely that part of the social capital that can be turned into a real producer, a real generator of assets

through investment in new technologies and through the revitalization of existing technological lines and installations.

We are embarking on our path with a given basic structure of industrial branches. However far we mean to get, the initial conditions are restricted by the design formula. The key to restructuring these branches is balance.

Using short-term achievements as a means of moral support for general efforts in a given branch is one of the necessary elements of the formula for overcoming the economic crisis and achieving equilibrium within structures rich in evident development potential (agricultural and foodstuffs, tourism, small-scale industries, etc.).

Above everything else, we must encourage "economic generators" everywhere, in industry as well as agriculture, tourism, and services. We are fully in favor of these generators being truly at the level of the international market, and consequently we believe that without high caliber foreign partners from the West that will not be possible except over a long period of time and at the cost of resources that we can otherwise distribute in a more balanced fashion between immediate social needs and economic requirements.

The production capacity of a plant depends only on its purely technical structure.

Merely from an examination of production plans any competent person can decide what to manufacture and what it needs for the production process. The same thing cannot be said about the huge conglomerates established on complementary criteria along horizontal or vertical axes, like the industrial centrals or combines.

Thus, a free association between distinct industrial entities, prompted by a given market situation, permits an incomparably greater flexibility in everything concerning production development and marketing.

In this case, the establishment of powerful association structures—which we can call holdings [last word in English], for example—can constitute a basic element of the economy.

Essentially, the restructuring must be the outcome of the interaction between the market, competition, and investments. We believe that from now on we should promote the following objectives through economic investments:

—enable the agriculture, food industry, tourism, housing construction, local industry and services, and artisans' and consumer cooperatives to have their own financial management;

—establish commercial associations for the production of all categories of consumer goods, including associations with foreign investment participation;

—restructure and resize capacities in the areas of ferrous and nonferrous metallurgy, and chemical and petrochemical industries, also with the contribution of foreign capital;

—manage the resources designed to contribute to obtaining finished products for the consumer market and those required to produce the exports allowing us to pay for social consumption of energy and raw materials on the basis of balance sheets; any other assignment of energy and raw material resources will be done according to commercial criteria and at prices negotiated between suppliers and consumers;

—eliminate subsidies for all the other branches of the industry that will be subject to changes;

—allocate budget investments for programs to develop the infrastructure (telecommunications, highways, airports, railways).

Ladies and Gentlemen MP's:

Throughout the national economy we are faced with continuous drops in the volume of labor. This is hardly to be viewed as one of the achievements of the Revolution; moreover, there was no logical economic reason for modifying the labor norms.

I think we may learn something from N. Georgescu-Roegen, who said about developing economies: "To adopt the same legal limits for the work day and for work time in general as in the developed economies—where, thanks to the abundance of capital the free time of the employee in itself has an economic value—is tantamount to deciding not to use an excessively large portion of the existing equipment and lowering the potential revenues of the country." According to the same author, the most appropriate motto for economic development planning is, "Economic Development Requires Time." The only possible conclusion is that by working more we can now reduce the distance that separates us from our objective.

Naturally, the government realizes that it cannot merely ask for more work, even though such a request may be completely justified. The government is determined to adopt decisions designed to motivate the citizens to work and to ensure an optimal framework in which work is governed by decisions taken by those who bear the responsibility. This is the context in which the salary liberalization policy will be carried out. This policy is based on the principle of legislating minimum pay levels differentially according to professions and economic branches and in keeping with future orientations which tend to promote a certain structural model of development, and with the need to reestablish a correct social hierarchy within which the best paid will be those who work most profitably, not those who use up the effects of other people's efficiency. On the basis of these minimum levels and in keeping with each one's own financial situation, each enterprise will in principle be able to negotiate appropriate—possibly higher—salaries under

collective work contracts. The employees must realize that in these conditions their pay depends on their productivity.

Naturally, this kind of system involves a risk—as has been verified in some of the neighboring countries—that the enterprises may increase their revenues, and thus their payroll, by raising prices (where prices are free) for the same volume of products, rather than by increasing productivity, i.e., by marketing a larger volume of commodities at lower prices. Such a short-sighted practice risks propelling us into spiraling inflation, especially in conjunction with price liberalization. That is why we plan to set certain maximum limits for salaries that will serve as guidelines, whereby exceeding these limits will incur higher income tax by up to 95 percent. Similarly, we intend to discourage tendencies to raise productivity by increasing the number of personnel rather than by increasing the degree of utilization of the production capacities, possibly after securing new technologies. For this purpose we will have to introduce an overall payroll tax that will be deducted from profits and that the enterprise will pay when the payroll exceeds a certain percentage of the overall expenditures of the respective economic agent.

We believe that the swift enactment of the draft bill concerning the organization of trade unions and of the draft bill on labor conflicts, both of which have been sent to Parliament, will also serve as a labor incentive. The responsibilities of the trade unions and their clear separation from the managerial process must be established to ensure the smooth operation of the latter, primarily for the benefit of the employees. The ambiguities existing in this respect created destabilizing tensions and fears that contributed only to lowering production.

In its turn, the law on solving collective labor conflicts is apt to put an end to spontaneous, wildcat, and unjustified work stoppages. Thus, the right to strike must indeed become the last effective resort to be used only after all other means of settling such conflicts have been exhausted.

We cannot plan to restore the economy only by improving quality and intensifying work in enterprises, although these factors are decisive for consolidating economic activities as a premise for development.

Neither will alone efforts to acquire new technologies suffice to induce the necessary economic growth.

The essence of development and modernization of the economy lies in the capacity to produce commodities in new or clearly improved technological conditions, simultaneously with the imperative need to create new moving forces within the economy.

Under the economic orientation scenarios that we are preparing the state will intervene through the economic means at its disposal to expand or constrict the market, to increase demand or supply, and to bolster certain entrepreneurs on an individual basis through subsidies or loans, so that by introducing new elements in the conjunctural configuration they can generate incentives apt to elicit a certain attitude from economic factors. Consequently, it is essential that their reactions be prompt and correct. The economic factors themselves will be expected to: Canvass the market and attract complementary or supplementary agents in the shape of Romanian or foreign partners capable of generating and/or strengthening their own efforts; develop their own decisionmaking autonomy and free themselves of the administrative authority or patronage from whom some people still expect guidance; structure their own production in keeping with demand; optimize exchanges along a horizontal axis based on the signing and execution of contracts. Thus, for example, if one partner does not fulfill his contract obligations, the economic factor involved will have to go to court to obtain damages, rather than appeal to the responsible ministry to wield its authority in his behalf. In point of fact, since we have cut down the number of ministries and administrative personnel and reformed the organizational structures of the ministries and other administrative bodies, such interventions are in most cases no longer possible. Along the same line, the government has decided that neither will prefects or mayors intervene by guiding or supervising economic units.

Similarly, the ministries have begun to organize so as to be in a position to fulfill the state's function as a share holder in commercial associations. Consequently, the reform also implies and generates new processes affecting all the links of the economic and administrative chain.

Another painful problem in our economy is that of unemployment. So far it is a matter of disguised unemployment. According to the criteria valid for now, unemployment figures are the following: 120,000 people registered with labor exchanges; 50,000 of those are unsolved jobapplications, and 70,000 are highschool graduates waiting for a job.

During the transition period Romania will experience heavy demand for work in relation to the jobs available. Estimates to date indicate that there will be increased job opportunities in areas such as textiles, leather processing, agriculture, cooperative constructions, and local and financial administration. During 1991 we expect that, in addition to the problem of employing about 700,000 persons—who are this year underutilized in the economy—another approximately 300,000 highschool and college graduates will apply for jobs.

To preempt the negative consequences of unemployment, the government will take steps specifically aimed at:

—funneling the newly released labor force to underdeveloped areas in our society; in Romania approximately 2,956,000 employees work in jobs connected with the land [sectorul tertiar], which is about 27 percent of the population, compared to 68 percent in

Belgium and 53 percent in Austria; we believe that the service sector of all types will offer the greatest capacity of absorption on the labor market;

—funneling people to areas in which there is an acute shortage of manpower such as geological drilling and extraction, agriculture, construction-assembly, and especially public works;

—professional training for skills sought after in the labor market;

—increasing the number of economic agents, particularly on the basis of private initiative;

—formulating an appropriate policy to deal with about 80 percent of the currently unsolved job applications that concern women applicants.

Parliament is examining a new draft bill that calls for instituting unemployment relief as a form of social protection for able-bodied persons who cannot find temporary employment.

Ladies and Gentlemen MP's:

We need to take substantial measures to preserve the positive processes that emerged in agriculture in reaction to the liberalization effected at the beginning of the year. Once again, in this respect, too, the first condition is to have an appropriate legislative framework.

After considerable efforts, the government has prepared a package of bills, some of which have already been sent to Parliament, consisting of the Law on the Land Stock, the Law on Cooperative Associations, and the Law on the Agricultural Cadastre. These laws sanction the peasants' right to own land and their right to freely choose whether to stay with or leave the former agricultural cooperatives. Current cooperative members who did not bring land when they joined the agricultural production cooperatives are also entitled to a free land allocation, and so are the heirs of peasants who did contribute land to the cooperative, who now live in cities, but who express a desire to go back to farming. Similarly, we need to allocate land in ownership to teachers, physicians, and other intellectuals in rural environments.

The government will also recommend that Parliament adopt a package of regulations aimed at preventing the excessive fragmentation of the land, by declaring a technologically optimal minimum plot size as an indivisible unit. We also studied and proposed measures to declare farming an activity of national interest. Thus, if land is left unfarmed, the owner may be forced to lease or even sell it to persons who demonstrate the desire and ability to carry out agricultural work.

At the same time, the government believes that it is undesirable to allow one person to own too much land, because that may discourage the establishment and preservation of village communities as an authentic national cultural environment. Consequently, limits must be set on the amount of land property that may be amassed.

As for land under construction, i.e., plots on which improvements were made, they will be transferred to the present cooperative members in coownership to be utilized jointly or leased to one or several farmers.

The present agricultural production cooperatives will be reorganized as coopertive associations. Their basic characteristic will be that the members of the associations will be able to pull out of the cooperative whenever they wish, with a plot of land equivalent to the one they brought in. This form of association as an alternative to a commercial association that allows the share holder to pull out only with a cash equivalent of his contribution, is apt to encourage farmers to opt for the joint utilization of larger areas of land, something that is technologically preferable.

In connection with the present state farms, the government finds it useful to turn them into autonomous entities or commercial associations capable of optimally utilizing large land areas with the aid of advanced technologies. They are apt to provide important supplies of agricultural produce for the market, for industry, and for export.

Within the legal framework thus created the government will conduct a policy of promoting and encouraging agricultural activities by signing contracts with farmers at guaranteed minimum prices and by financing scientific research and genetic selection and improvement.

Ladies and Gentlemen MP's:

The decisive leap toward a market economy represented by the price liberalization must be viewed in conjunction with maintaining our internal and external financial balance. This can be ensured through an appropriate monetary, hard currency, fiscal, budgetary, and credit policy.

The government has started and encouraged banking-financial and fiscal reforms. In this area, too, we must step up the process of establishment of a new legislative and institutional framework to make it possible for banks and for the budget to take over the task of stabilizing the Romanian economy.

The transformation of the National Bank into the central bank, the crystalization of a network of commercial and specialized banks and financial associations will create the conditions for promoting an authentic monetary and credit policy once the new banking legislation is passed.

Currency is an asset. Among the urgent needs of the present stage is to use every possible means to bolster trust in the leu and to radically improve the cash flow.

The monetary imbalance that is worrying all of us, most of it inherited from the old regime, has deepened this year. The major reason for that was that people's salaries rose while the corresponding volume of available commodities and services did not.

Consumer sales substantially increased after the Revolution; in 1990 the monthly average was over 15 percent higher than in 1989. But the additional commodities released on the market covered less than half of the people's pay increase.

Given the conditions of a relatively satisfactory demand for goods, this gap between the volume of available commodities and incomes would not in itself constitute a problem, but in our case consumer demand not only is not met, but it tends to be magnified by the limited options available for utilizing disposable income and by a still relatively primitive savings system. For example, services continue to take up a small percentage of the people's income—less than one tenth, which is one of the lowest percentages in the world—while their expansion is limited by the underdevelopment of the real estate sector of the Romanian economy amd the distortion in prices and tariffs.

Similarly, the effective absence of capital placements and the limited variety of saving programs available have contributed to the accumulation of disposable cash and CEC current accounts that are 10 times larger than the monthly sales of goods and services. Evidently, such a purchasing potential, which as it is does not find many outlets, puts continual pressure on the trade network, so that both the stores and the people's morale are deteriorating dangerously in spite of the increase in consumer sales.

The government will continue to pay greatest attention to increasing and diversifying consumer supplies and services, but at the same time we must speed up legislative procedures apt to considerably expand the purchase power of the leu in areas that until recently were inapproachable: land, constructions, and means of production. The issue of state bonds, shares, and other property titles and the diversification of savings and investment programs will also contribute to creating a ramified structure for attracting disposable cash in the economy, something that in the last analysis provides a factor of economic growth and stability.

Aside from the bill on the sale of state-owned housing and the bill on housing construction, the government intends to soon launch a concrete program for selling the state housing and housing construction stock under the slogan "every citizen in his own home."

We believe that this new program of ownership with positive economic effects will contribute to strengthening the psychosocial and moral climate.

With the aid of an appropriate system of long-term loans, reasonable interest rates, and tax incentives we hope that the disadvantaged strata of society will also be able to afford purchasing a home. We view this in close conjunction with work ethics, because the banks will extend credits particularly on the basis of a stable income and sound work situation of the applicants.

As you know, in a state property system in which everything was decided by central fiat, the concept of money was reduced to mere units of calculation. Decades of centralized planning and dogmatic communism have most dangerously trivialized our banks and national currency not only abroad but also domestically. The banking reform and the measures we plan will restore the currency, banks, and credit to their rightful place at the center of Romania's economy.

The banking-financial system will from now on be aimed—by virtue of its inner operation mechanism itself—at achieving economic efficiency andprofitability, and cutting down and eliminating losses in the economy. The National Bank will promote a monetary and credit policy aimed at ensuring a healthy national currency and macroeconomic stability.

The banking reform will mark the demise of the nefarious policy of "socialist credit," which was expensive to the people but almost free when it came to state enterprises.

The success of the revitalization of the industrial branches, agriculture, tourism, and services capable of relaunching economic activities thus hinges to a great extent on a clear and firm credit policy designed to impose financial discipline in the management of enterprises. This will generate a coherence in the entire economic system capable of sustaining price liberalization and privatization.

In accordance with the new banking draft bill and the functions devolving on it from its new status as the "bank of banks," the National Bank will no longer directly finance industry and commerce. However, by putting a ceiling on the credits granted to the other banks at economically established rates of interest, through resolute monitoring of the cash volume, and through other specific tools of monetary policy the National Bank will be able and obligated to create a general disciplined and sober credit environment and to foster full responsibility for loans, in keeping with its duty to protect public interests.

Such financial discipline on the part of the enterprises will be reinforced by the determination of the commercial banks—restricted by the National Bank policy to a certain volume of credits—to extend credit only for economic activities capable of generating sufficient revenues to repay both the capital and the interest. Naturally, a genuine banking attitude also involves looking to the future and taking risks, for which reason we are confident that our banks will support enterprises that have real chances of recovery and whose actions attest to their total commitment along this line.

Ladies and Gentlemen MP's:

Fiscal policy and budget expenditures are the second major category of economic policies that the government can wield to stabilize the Romanian economy and maintain a balance while liberalizing prices.

The taxation system is both a tool affecting the entire national economy and one of the most efficient means of selective policy apt to induce structural changes and to encourage or discourage certain activities.

Budget expenditures are primarily the engine that powers the entire social protection program and activities of maximum public interest and vital for the life of the nation: defense, education, health, science and culture, and state administration. Secondly, once the mechanisms of a market economy are in place, the general management budget expenditures and their correlation with taxes will provide powerful tools of macroeconomic policy.

The government sent to Parliament a bill on public finances. We also finished drafting a bill on capital gains tax which, among other things, envisages equal taxation treatment for all economic agents, both Romanian and foreign, state, and private.

The taxation system proposed is a progressive system, but the general taxation level may be viewed as a low one in comparison with other countries, which means that it will constitute an incentive for economic activities and investments, including foreign investments.

This is also our means of demonstrating that we are not against profit in general or in the case of private companies.

However, we hope to ensure that profits will be distributed more justly through means of encouraging socially oriented activities and taxation.

Nevertheless, we are aware of the fact that excessive taxation may lead to killing the activities taxed or, as the expression goes, "excessive taxation leads to its cancellation."

With the help of foreign experts we are preparing an important bill, namely a VAT [value addeo tax] law. Our purpose is to replace the obsolete system of commodities sales tax with the VAT, which is a modern form of taxation successfully tried out in the past few decades by countries with a market economy.

We are in the process of finishing a draft bill on salary taxation. We are also working on a customs bill, in which we plan to include relative low custom duties to encourage competition and balance the domestic market.

And finally, we are working on a financial accounting control bill, which will be one of the major legislative initiatives designed to demonstrate our efforts to protect public interests. The law envisages the establishment of a Financial Guard, which will provide the Finance Ministry, the government, and the state authorities in general with a powerful, flexible, and efficient means of implementing and monitoring the fiscal and budget policies.

As you see, the government has been working hard to devise a comprehensive set of laws that will serve as the new fiscal-budgetary and banking-financial framework.

Ladies and Gentlemen MP's:

As you well know, the country's balance of payments deteriorated considerably this year, something that led to draining our foreign currency reserves.

Before tackling the problem of incurring new foreign debts we have to deal with the urgent and acute problem of finding foreign sources for financing our existing deficits. We cannot plan a certain trade balance deficit before we know whether we have the necessary foreign sources of financing.

The government realizes that the marked deterioration of the balance of payments is largely the effect of the unsatisfactory activities carried out in the first half of the year. Consequently, we are convinced that the economic reform will be accompanied by adjustment in the balance of payments and we are determined to work to achieve it.

Domestically the adjustment will be effected by the financial and credit discipline that we plan, and in the foreign area by a set of measures concerning currency exchange rates and lifting the monopoly on foreign trade and foreign currency transactions.

The official devaluation of the national currency to 35 lei for one dollar will help exports and more importantly, it will bring import prices closer to their level in world markets. Consequently, we will no longer subsidize any import of raw materials and energy. This will be the moment of truth for the Romanian enterprises. We cannot continue to fool ourselves.

At the same time we envisage a market mechanism that will, on the one hand, provide a still needed safety valve for enterprises involved in foreign trade, and on the other hand will furnish us with pertinent information on the real exchange rate of the leu.

This mechanism features two major tools that will be intensively wielded in the next few months.

First, in accordance with Law. No 15 exporting enterprises can now keep for their own use 30 percent of their (net) export gains and 50 percent of the gains as of next year. The funds available in such currency accounts can be used either to finance the respective enterprises' free imports (which will no longer require an import license), or for securing gains in lei by selling foreign currency at auctions. This second alternative will surely be considered by enterprises because of the restrictions on domestic loans in lei.

The second tool—currency auctions—is now in the process of being finalized and will be enacted next month. These auctions will allow enterprises that hold disposable foreign currency to sell it at more attractive rates than the official rate of exchange (formerly 60-80

lei for one dollar), thus permitting them to better capitalize on their exports, and will encourage them to increase exports. At the same time, the enterprises that need to import material in excess of the centrally assigned foreign currency limits will be able to do so, albeit at higher cost, something that will bring home to them the efforts required to secure imports.

The government realizes that these adjustment measures will not suffice to fully correct the balance of payments deficit and that we still need foreign financing. For a country like Romania in full process of transition to a market economy and having to effect extensive economic restructuring, the current balance of payments deficit is actually normal and in keeping with all the rules of economic theory. In point of fact, this deficit is the reason that we need foreign capital and credit.

In view of all these considerations, the government has been endeavoring to secure appropriate foreign financing, primarily from the responsible international institutions: the IMF and the World Bank. The recent visit to Bucharest by the IMF director attested to the fact that our previous demarches are taking a concrete shape regarding financial aid from those institutions.

One of the essential aspects of the program of transition to a market economy is privatization. However hard we may try to complete this process as quickly as possible, it does not depend on people's goodwill alone, but also on the real capital available in the economy. Privatization is not a goal in itself and we cannot pay lip service to it by simply redistributing the value of the capital from the state to the individual if this capital has no equivalent in money or tangible assets.

The government's proposal is to achieve the privatization of at least 50 percent of the capital stock of the economy over a period of three years, beginning with the sectors in which share holding investors can soon see for themselves that privatization is profitable to themselves and beneficial to the enterprise in question. This is why we intend to begin the privatization process as soon as possible in the areas of agriculture, food industry, light industry, furniture, durable goods industry, housing construction, all consumer services, restaurants and domestic trade, and automotive transportation.

Naturally, this does not mean that other sectors or areas cannot begin this process. Moreover, it should not be understood that enterprises which are now organizing as autonomous entities cannot become public companies in the future. On the contrary, the state is very interested in having its financial burden eased, on the one hand, and future source quotation of a definite stock of shares of the respective management provides a direct incentive for the enterprise manager to ensure high productivity.

The privatization action will incorporate the following principles:

—the package of stock or social shares that will be put on sale will be tailored individually according to branches and enterprises;

—employees will be involved in deciding the size of the stock package put on sale within the confines of the law;

—advantages will be granted in the form of loans upon the sale of stock/social shares belonging to enterprises with low profits;

—first option rights will be granted to employees who wish to purchase stock in the enterprises in which they work for either vouchers or cash, as well as advantages in the form of loans or term purchase options;

—packages of stock/social shares open to foreign capital will be established.

Ladies and Gentlemen MP's:

The analysis and arguments presented show that we absolutely need to speed up the reform. In its turn, our economic crisis urgently imposes exceptional measures. In view of these circumstances the government requests Parliament to grant it expanded powers in the implementation of the economic reform. Along this line, in the next six months the government must be able to introduce or effectively modify taxes and levies which it will present to Parliament at a later date. Similarly, during the same interval, the government must be given the power to enact certain bills in advance or to generalize their implmentation in economic sectors which have not been completely reorganized in keeping with the new regulations. On the other hand, the government must be able to initiate negotiations and contracts on state-guaranteed foreign credits, especially for the purpose of settling the balance of payments.

And finally, the government requests Parliament to employ a more rapid procedure for urgently adopting the bills concerning the trade unions, settlement of collective work conflicts, unemployment relief, public finances, banking reform, abd the entire fiscal legislation.

Ladies and Gentlemen MP's:

The success of the economic reform and the means to effectively speed it up evidently hinge on the quality and innovative spirit of the people who occupy the various rungs of decisionmaking in the implementation of the governmental program and the reform legislation. No further compromises can be accepted in this matter. We have come to a point where there is no other alternative: We must implement the reform, not just say that it is needed. But the implementation of the reform will remain an illusion as long as those directly in charge are either incapable or unwilling to do so.

We are determined to include changes in all the levels of the command apparatus within the process of implementation of the reform itself. However difficult it may be to

establish a new apparatus we will unhesitatingly continue to do what is necessary to attract to the reform the most capable people with the best training and the open mind required to implement the reform.

The government's present political line is not only a measure designed to support the reform. The very stability and authority of the state in the process of the reform are bolstered by immediately combining a new concept with new people.

There will be no relaxation in the nature of this government; it was born to struggle.

Government style necessarily implies a specific individuality: While the government's relations with the international community are certain and indispensable, its relation to the country either has and is maintained by a quality of crystalizing the efforts of all the people who love this wonderful homeland, or it will cease to exist.

A very difficult and insoluble dilemma weighs upon us: We cannot do everything at once, but we have to!

Nevertheless, as a Transylvanian proverb says, doing what is possible is almost doing what is necessary.

I thank you.

* Roman on Press Criticism, Economic Reform Plan

91P20024A Bucharest ROMANIA LIBERA in Romanian 23 Oct 90 pp 1, 3

[Interview with Prime Minister Petre Roman by Mihai Creanga; place and date not given]

[Text] [Creanga] Mr. Prime Minister, the government has often been criticized, justly or unjustly, by the press. Therefore, it seems proper for me to begin by asking you what you might have against the Romanian press in general and against ROMANIA LIBERA, in particular. I am hoping for a reply which differentiates.

[Roman] You should know that differentiation is not always necessary. I have learned this since I have been prime minister. Differentiation is necessary because a burning truth is not so warm after a period of time. It is not so burning. Therefore, differentiation is necessary to moderate the emotional impulse. In this case, since it is not a matter of a shade of circumstance, or politeness, differentiation—in my opinion—is part of civilization. Of course, I have felt many times that the press is unjust towards us, and towards me, in particular. Then I understood that many of the questions, doubts, and even accusations addressed to us had their origin in an ignorance of our activity and of our honest and clearly expressed intentions. From this point of view I do not have anything to complain about since it is clear that we must have a mode of communicating what we are doing, what we want, and what we believe. And then of course, the press judges on the basis of what it has available to it. There is another aspect which is justified on the human level. The information which it has available, to which it adds several subjective impulses from friends, forms a negative image. The presentation is negative, even though somewhere, in this mass of information, there are also positive elements. A certain nuance prevails and this is what is expressed. This is my analysis today in regard to what has taken place. I can tell you that there are times when I am very angry at ROMANIA LIBERA. But please note that I have never reacted in public against the press. I have had to deal with uncivilized, hooligan attitudes but nothing appeared about this in ROMANIA LIBERA and I have nothing to say on this matter. They have said that ADEVARUL is close to us but, during the past two months, especially in regard to the matter of reform, I do not think that it is close to us. The newspaper AZI, of course, has been and is close to us in its political line but I believe that the press, especially ROMANIA LIBERA, in light of the fact that the government does not have its own press, will have to insist on obtaining information from the source, that is, from us, and perhaps give us more credit. This is proof that it would have been better to give us this credit: Today we are in a situation in which you will agree that what we want is good for the country. This is my opinion.

[Creanga] In the sharp conflict of recent days, regarding the attempt of Editura "Presa Libera" [The "Free Press" Publishing House] to become "Editura Nationala" ["The National Publishing House"] and to take control of publications—moving from the role of administrator to that of editor—how can this attempt, supported by the government, be reconciled with freedom of the press?

[Roman] I would like you to look at the decision. The decision has three articles which I have seen and none of them say anything which would violate the freedom of the press. But it happened that Adrian Sirbu had an uncivilized attitude, putting the government in a bad light. I decided to dismiss him from the position he had in that department. Now he is concerned strictly with audio-visual resources. Obviously we will use other people for contacts with the press and for creating an image. This department, which currently has no head, has three sectors: the audiovisual sector which does our radio and television broadcasts; the press sector which has the task of making a summary of problems raised, presenting it to the government and the prime minister and proposing responses; there is also a sector for scenarios, so that we can see what we must do to present our activity better. This is all. No one can say that it is not lucid and clear.

([Editors note] Roman did not give us any response in regard to the main problem: the conflict between Editura "Presa Libera" and some publications for which the publishing house has never been more than an administrator. Since this is a major problem which affects our craft to the greatest extent, ROMANIA LIBERA will return to it in detail.)

[Creanga] You have presented to Parliament—through the intermediary of television and the country—a

coherent program for economic reform. I know that there is a timetable for its implementation, set by the government. But there is still our human need to have a hope of surmounting the very great difficulties of the present. Could you give us some specific guidelines to which we can relate the natural desire for a decent and civilized existence?

[Roman] Of course, you see that I can very easily say: We are preparing all we can and Parliament will have to take over and pass the laws. On the other hand, you noted that we have asked for some mandates. These are absolutely logical and necessary for the following period, so that we will not run the risk of falling behind the evolution of events and of not being in control. This would be a very great danger. The meaning of this mandate which we seek is not the exercise of arbitrary power—it is just so we can control events and not be behind them. No one can accuse me of intending to monopolize power, because there is no sign that I would like to do this. But, in regard to the difficulties, the response should be more concrete here. We are bringing about the liberalization of prices. I would like to explain to the people, very soon, in plain language, why the liberalization of prices is a good thing for everyone. Of course, there will be products which will become hard to deal with. But this is a good thing because this creates the basis for economic values. Economic values exist only if they are recognized by the public. If I make a suit of good quality fabric, with first class tailoring, I expect to be paid...

[Creanga] I agree, but the problem is, for very broad social categories, with what? How will they be able to pay.

[Roman] Price liberalization is not taking place in just any way. You have to look at the decision. It states very clearly the cases in which we must subsidize the consumer directly so that he can have a decent life, the cases in which we must index wages so that we can have the most reasonable access to a number of products, and cases in which these things are not absolutely necessary. The idea that price liberalization will lead to the explosion of prices is basically not true. There is a very rapid adjustment at the moment in which the free market mechanisms go into effect. Of course, this price liberalization will cause some pains, but before long, let us say in a year or perhaps two years, we will have to settle into economic reality, into economic truth. In the meantime, as I have said, we will provide strong stimulus to small and medium-size industry with the use of instruments specific to a democratic state. In regard to services—in particular we will eliminate the term which still appeared in the report. We do not have the right to speak about unproductive services; services are not productive or unproductive, they are useful or not useful, period.

[Creanga] You spoke about the fact that all citizens can protect themselves by work. However it is clear that there are certain categories of people who cannot protect themselves in this manner.

[Roman] You are referring to unemployment.

[Creanga] Yes, in the first place, but also to retirees, the sick and the disabled...

[Roman] I referred only to categories which belong to the active labor force. For all those who are not able to work we have supplementary assistance. Let us return to the problem of the unemployed...

[Creanga] They cannot protect themselves by work.

[Roman] But they will have to protect themselves by work, even if they will not be able to work in the same job. In the Declaration-Program I state that an economic transition is taking place, a basic transition of the entire society and this presupposes a transition of each job. Either to a higher-skilled job or to another job.

[Creanga] But is there constant attention to retraining and reorienting the labor force?

[Roman] God help us, otherwise there would be no government! Of course, we have a whole program for that purpose. I cannot say that it is perfect, but we have guidelines for directing the labor force and I believe that a great number of people would have to agree to return to a normal status. I will give an example which stays in my mind. Not too long ago, during a 10 year period, beginning in 1978, the dictatorship created large industrial units, many of them very modern, to which men were sent overnight, directly from agriculture. It is a hard thing to say, but I have to show the courage which I have had up to now and say a good part of these people were not trained for the job. These are people who could not find their place. Why shouldn't they return to what they were, under conditions in which things were fundamentally changed in agriculture?

[Creanga] Because they do not have security, because they have been deceived so many times. The peasants were the most oppressed under communism; their very reason for existence—the land—was stolen from them...

[Roman] But, at the present time, they are the ones who profited most after the revolution. With justification, however. As a result of the reforms which we are enacting, especially the law on land resources, they will not be returning to the conditions which they had before—poverty, misery. They are returning to conditions in which, by working, they can become rich men.

[Creanga] It is a question of ownership of the land...

[Roman] I believe that there is no other way besides ownership.

[Creanga] Please be specific...

[Roman] I was specific. It is clear, ownership by the peasants in the exact sense of the word. I have said that it is a matter which should be handled on a case-by-case basis. It is a question of the time of entry in the cooperative. There is no reason to go any further because

we will create an unimaginable chaos. Therefore, they had land so they have a right to this land.

[Creanga] But there were also poor people.

[Roman] I addressed that. It is a question of those who worked and did not have land. They also have a right to land. I have said much more than this. Let us say that the descendants of the persons who had the land are in the city and want to return to agriculture for good. They also have a right to land. And we spoke about another category, the intellectuals in the village. We want to give them their land for houses, orchards, etc. This is the meaning of ownership. Under these conditions, a part of the work force can be reabsorbed into agriculture. As a result, we are engaged in the massive development of the small business sector. Many workers who will no longer have jobs in the enterprises which will have to undergo a complete change in their profitability rate will be able to find employment in this sector. We must retrain people. That is, we must give a chance to those who have technical capability, and there are many, we must give them a real chance to retain their worth in their situation as workers. This is a fundamental issue of our society.

[Creanga] Many people believe, myself included, that the economic program of the government was delayed because of political reasons and that it should have been launched immediately after the Revolution when the prestige which it would have enjoyed was at its maximum level. At that time, I think, even a two-year moratorium would be accepted. Now, not even a six-month delay has been accepted and price increases have been announced by the government and even the liberalization of prices has appeared... Don't you think that the credibility which the government claims to have is affected by this?

[Roman] There might be some truth in what you are saying. But the logical sequence is not correct. We have committed some excesses, which could not be avoided, because of lack of knowledge of the situation...

[Creanga] And for certain reasons connected with the elections...

[Roman] No. And if you take into consideration what we have done for the citizens you will see that it was prior to March. Prior to March there was no problem with the electorate. You can believe me or not. But what did we do then, in the early days? We reduced the cost of electric energy. Perhaps we could have one leu instead of 0.65. More logical, closer to the truth. We set a price for gas which we could say is human; we substantially increased expenditures for health, culture, and education. These were things which could not be avoided. We did something which seemed to me to be logical—giving back shares—although it had to be done in installments. The issue of bonuses for difficult working conditions, for miners, metallurgists, and drillers, was treated intelligently. And after that, for railroad mechanics. I know these problems very well, unfortunately—I had to negotiate all of them. I believe that no one would have been able to restrain these demands. It was not an aggressive attitude; it was the attitude of some terribly oppressed people who came to tell us that they could [not] work any longer, under these conditions, for 3000-3500 lei a month. We had numerous discussions. Sometimes with the president of the Provisional National Unity Council, sometimes by myself alone with them, but we could keep from accepting their demands. In this case, of course, reality opposed us because they told us that production would not decrease. But production decreased dramatically, which cost us very much. Let me return to the events of December. The anger of the people exploded at that moment because they were dying of cold and did not have anything to eat, plus the accumulation of years of repugnance toward the dictator. It was impossible to live any longer. Can we, after the Revolution, tell people to wait two more years under these conditions? I believe that this cannot be done.

[Creanga] And do you believe that the coming winter will be different from past winters lived, as you have said, in hunger and cold?

[Roman] We have no reason to believe that the food supply is less than last year and, in regard to the heat, unless there is a disastrous situation with temperatures of - 30 degrees Celsius for a number of days, a situation which no one desires, there is no way it could be worse. In January and February of this year, these things were relatively acceptable, if you remember. There is no reason for us to be afraid.

[Creanga] It seems to me that there has always been a phase in which the government has been mainly concerned with politics, but now the emphasis has been placed on the economy...

[Roman] No, the government has always been oriented toward management. I will tell you about an essential error in perspective, in January, which no one noticed. At that time we changed our attitude toward agriculture completely. The decrees issued stipulated, for the first time, that the state does not have the right to encroach upon property which does not belong to the state. This was an extraordinarily important shift which, unfortunately, was not noticed. Sometimes it was even criticized, although it was fundamental. Today we have a free market of individual peasants, a rich market, having nothing in common with what existed before. The average market price is 2.7 percent higher than in 1989.

[Creanga] It seems that you are not saying that it rose only by 2.7 percent. But I, too, am involved with the market...

[Roman] This is how much it has increased, Mr. Creanga. I wanted to tell you that many of the products which you see on the market now could not be found last year. Cheese, meat, eggs. This is a very serious calculation which the Commission on Statistics has made for us. Finally, I still have a reflex. I was a person with an outlook broken by Stalinist routine, nevertheless, I did not think about saying: If you operate like this in

agriculture, why not operate the same way in industry? I do not know if I would have been successful if I had had this attitude. I believe that I would have had Mr. Iliescu on my side but I do not believe that that was sufficient. Going back: Of course, the moratorium did not work. It did not work, because—and I do not have to tell you—ROMANIA LIBERA gave a lot of publicity to the trade union pressure. Sometimes demagogic, with strikes, etc., which prevented the moratorium from being observed. We observed it, in the sense that we had a firm attitude toward wage demands. We increased prices only for gasoline. Because I cannot control the foreign market. We increased the price of paper; we did so solely out of concern for protecting forest resources, we increased the price of mineral water, which was unimportant. I believe that we respected the moratorium. It is being retained within more flexible limits until 1 January because the liberalization of prices goes into effect on 1 January. The liberalization process will actually begin on 1 November. There will be a period of negotiations, with all the compensatory measures.

[Creanga] There is information about certain attempts to check governmental initiatives in Parliament. These attempts would have no chance of success if they did not come from the ranks of the government majority.

[Roman] I have no reticence in speaking about this matter. We are aware that some of the elected parliamentarians, who have come into Parliament, have very little political experience in regard to government-Parliament relations. Very many of them, otherwise with the best faith, think that it would be shameful for them to adopt the government's legislation immediately, by a rapid procedure. This would give rise to the notorious accusation in regard to the National Salvation Front's voting machine, which has never manifested itself. Although, everywhere you know that the voting machine is in operation, otherwise the country would not function. I believe that it is not a question of an attitude of blocking government initiatives. But, in the parliament there are people who, either because they are tributaries of their reflexes of judgement or because they are supporters of the methods of managing the economy through the old channels, can stir up government-parliament conflicts. In addition, the sluggishness with which they operate preserves the inefficiency of labor. The existence of this sluggishness is also proven by the fact that we asked for certain mandates for the utilization, in certain sectors, of powers of execution, before the passage of laws submitted for approval. No one wants to diminish the legislative rights to Parliament. Therefore I do not believe that we will arrive at the situation where the reform is blocked in parliament, because I am deeply convinced that this reform is what we need and that we have no other route. What we presented in the Declaration-Program, and may I be excused for our lack of modesty, is a coherent, serious, rigorous, and logical objective which perhaps has not been obtained in such a short time in other countries.

[Creanga] What are the objectives of your short European tour at this time?

[Roman] Monday morning I will be signing an agreement for Romania with the EEC, in Luxembourg, and I will be meeting with all the foreign ministers of the European Community countries. I have meetings with some. That is, they asked to meet me. From there I go to Paris, for the Romanian evening at UNESCO. Then I go to Brussels and meet with the NATO secretary general. I will spend two hours at NATO and then I will meet the Belgian prime minister. After that I will return to Paris where I have some meetings. On Wednesday I will go to meet with Mrs. Catherine La Lumiere at the Council of Europe...

[Creanga] A final question: If you ask for credits and obtain them to what sectors will you allocate them, on a priority basis?

[Roman] They will go in two directions. I suggest that you send someone to talk to Mugur Isarescu, a fellow from the shock brigade, governor of the National Bank, 41 years old. It is a matter, first of all, of credits for the balance of payments, and the International Monetary Fund is providing these. We have their support. It is very important and, secondly, there are credits for industrial projects. I am talking about the modernization of roads, the development of the agricultural and food sectors and tourism. We have added telecommunications equipment and small agricultural machines. These are sectors in which we will invest on a priority basis, we are sure of this. We cannot go wrong with them. Let me say this: In a meeting a few days ago, the International Monetary Fund expressed the opinion that the Romanian program for reform is good and can be supported and it decided to free the credits.

[Creanga] Let us conclude then since we have good news... Thank you for your interview with ROMANIA LIBERA.

[Roman] And thank you.

([Editor's note] Other matters of broad interest were discussed but—because of lack of space—we will present only a summary:

1. The Securitate files: The prime minister decided that they will be transferred from the Ministry of National Defense and the Romanian Intelligence Service to the Ministry of Justice and the Parliament will decide on the opportuneness of consulting them.

2. The political orientation of the National Salvation Front: Petre Roman, as a political leader of this grouping, believes in collaboration with the Social Democratic Party and with Sergiu Cunescu.

3. The connection between the liberalization of the economy and the state of law, which presupposes, first of all, the full explanation of the causes and perpetrators of the events of 13-15 June: It is appropriate to expect the most complete response, as soon as possible from the

parliamentary investigation commission—a response which will be influenced by no one.

4. Relations with the opposition, from which the government expects not only criticism but also alternative solutions: It remains to be seen how one and the other will be received from now on...)

Government Session Examines 1991 State Budget

AU2111193790 Bucharest ROMPRES in English 1641 GMT 21 Nov 90

[Text] Bucharest ROMPRES, 21/11/1990—Romania's Government met in its weekly session under the chairmanship of Prime Minister Petre Roman to discuss the note on the draft state budget for 1991, the note on the requirements of funds out of the state budget to finance investments in 1991, the state budget incomes and expenditures in 1990.

Draft decisions were circulated among the cabinet members for possible amendments and proposals.

Further on Budget Debate

AU2111213990 Bucharest ROMPRES in English 2114 GMT 21 Nov 90

[Text] Bucharest ROMPRES, 21/11/1990—The Romanian Government held its weekly meeting on 21 November to debate the budget for 1991.

Reading the document, the minister of finance Theodor Stolojan set forth the premises on the basis of which it was worked out: on the one hand the possibility to further control state financed activities, and on the other hand the quantification of the influences of price liberalization on the budget.

As the draft envisages a deficit, the prime minister warned that the economic activities that are not efficient or have no chance to turn so could no longer be subsidised, and that national defence, education, health care, public order, culture, science and social assistance should be the priorities of the next year's budget.

The members of the government proposed to ask parliament to grant the executive the right to adjust the budget function of necessities in consideration of the fact that it was a new type budget which refers to a year of radical restructuring, of economic reorganization by breaking away with the principles of rigid planning and financing. It was demanded that the budget, in its final form, be one of the means of stepping up the reform, privatisation in trade, services and tourism in particular, as domains which can turn efficient fast according to the criteria envisaged by the government.

The debates evinced the idea that environmental protection should be allotted appropriated funds from the budget.

It was decided that a better management and utilization of water resources be ensured through budget levers to meet the requirements of the population and of the economy, of agriculture in the first place, and an end be put to waste, to irrational consumption.

A number of resolutions concerning the setting up of commercial companies with Romanian, joint or exclusively foreign capital in domains of great interest were adopted at the end of the meeting.

Iliescu Statement on Return From CSCE Summit

AU2211193590 Bucharest ROMPRES in English 1911 GMT 22 Nov 90

[Text] Bucharest ROMPRES 22/11/1990—President Ion Iliescu of Romania returned to Bucharest Thursday at noon from Paris where he attended the summit of the Conference on Security and Cooperation in Europe.

At the Otopeni Airport Romania's president made a statement to the press: The meeting fully justified the hopes pinned on it. They were fully confirmed by the course of the proceedings and the documents signed in the end. The satisfaction is general. The Paris conference was the political highlight of the year, of the end of the century. It is the outcome of changes occurred of late especially in the East European countries. At the same it is a moment of opening, the beginning of a new stage in international relations both on the European continent and in the world. Certainly, the problems have not ended with this conference—a thing stressed with great responsibility by all participants. There still are numerous problems—and what was stressed—this state of political and economic instability, the difficulties, the complications confronting all the European countries which are implementing political, economic reforms. They require the consolidation of links on all planes, economic in the first place, a support to these peoples' efforts to ensure the success of this process of transformations. The ensurance of a political and economic stability in the European countries is in the interest of the entire Europe, it is a prerequisite for the general stability of the continent. At the same time, the importance was stressed of maintaining the openness of the European countries towards the world because the world will further be confronted with major problems, with local economic, social, ecological problems which require the expansion of interstate multilateral cooperation on all planes.

The conference was for us an opportunity to multiply direct links, contacts, talks with representatives of other states. From this point of view it was a continuation of the activity carried out in New York and Tokyo of direct knowledge, contacts and exchanges of opinions with heads of state and government from almost all the countries represented there. It was a good, particularly useful occasion to get better acquainted with the problems confronting us, with the difficulties we encounter in this process of consolidating democracy in our country, the economic problems relate to the promotion of the reform, to the transition to the market economy, the necessary openness towards the European institutions. From this point of view Paris was a positive moment marking the

removal of restraints, reserves, barriers to our joining European institutions. This was noted also during the talks with the representatives of the United States, France, of other West European countries, with representatives of the Council of Europe, of the European Bank for Reconstruction and Development. That is why I think that it was a propitious moment for multiple contacts. We also had contacts useful for the development of our relations with our neighbour Balkan countries.

Answering a question related to his interview with Mikhail Gorbachev, Mr. Iliescu said: We referred at length to the problem of the Republic of Moldova and to the concern of the leadership of the Soviet Union to find appropriate solutions to that problem. As a matter of fact he told me about his intention to pay a visit to Kishinev at the invitation of the leadership of the Republic of Moldova to contribute to defusing tension and to finding the proper solutions to the problems facing that republic.

PNT-cd Considers Abolition of Monarchy 'Illegal'

AU2211160190 Bucharest ROMPRES in English 1358 GMT 22 Nov 90

[Text] Bucharest, ROMPRES, 22/11/1990—We consider that King Mihai I's abdication proceeded under the pressure of the Soviet Army and of the Communist Party, represented by Gheorghiu Dej and Petru Groza, who fulfilled the Kremlin's order, reads a release of the Christian Democratic National Peasant Party published in daily DREPTATEA of November 22. We consider the abolition of monarchy as abusive and illegal, the release stresses.

In view of the big interval of almost 50 years from that event, as well as of the changes in public opinion, our party that has democratic views proposed as early as January that this problem be settled through a referendum, the release shows, adding that it is up to the people to freely decide the form of state, whether constitutional monarchy or parliamentary republic.

Deputies' Chamber Head Receives Iraqi Ambassador

AU2211110190 Bucharest ROMPRES in English 1044 GMT 22 Nov 90

[Text] Bucharest, ROMPRES, 22/11/1990—Wednesday afternoon, 21 November, Mr. Dan Martian, the speaker of the Assembly of Deputies, received the ambassador of Iraq to Romania, Ibrahim Shuja Sultan, with whom he had an exchange of views upon the Gulf events and the prospects of developing the relations between Romania and Iraq, at parliamentary level included.

Jovic Holds 'Cordial' Talks With Gorbachev

LD2111191790 Belgrade TANJUG Domestic Service in Serbo-Croatian 1711 GMT 21 Nov 90

[Text] Paris, 21 Nov (TANJUG)—SFRY Presidency President Dr. Borisav Jovic and Soviet President Mikhail Gorbachev today held 40 minutes of frank, cordial, and friendly talks, journalists were informed after the meeting.

Mikhail Gorbachev particularly stressed the long-term positive role of nonaligned Yugoslavia on the international political stage, and the fact that its aims are now built into the CSCE. Gorbachev stressed that in developing the new Soviet foreign policy orientation, considerable use had been made of the positive experiences of Yugoslavia, whose principled stand in the foreign policy sphere he particularly acknowledged.

Both sides identified in the talks a certain lapse in Yugoslav-Soviet dialogue, and it was decided that Federal Foreign Secretary Budimir Loncar should shortly visit the USSR.

It was observed that the USSR is Yugoslavia's largest foreign trade partner, and it was said that this was a good basis for further cooperation. There was also discussion of problems in these relations—the Yugoslav surplus and difficulties over oil deliveries—which are in the process of being resolved at government level.

The two statesmen also exchanged views on the internal development of Yugoslavia and the USSR.

Also taking part in the talks on the Yugoslav side were Federal Foreign Secretary Budimir Loncar, and member of the Serbian Presidency, Aleksandar Bakocevic, who were members of the Yugoslav delegation to the Paris summit.

Accompanying President Gorbachev on the Soviet side were Foreign Minister Eduard Shevardnadze and Defense Minister Dmitriy Yazov.

Speech to Summit Notes Cold War's End

LD2111234190 Belgrade TANJUG in English 1859 GMT 21 Nov 90

[Text] Paris, 21 Nov (TANJUG)—The Paris summit of the Conference on Security and Cooperation in Europe (CSCE) is the most important event in Europe's post-war history because it marks an end to the cold war and the policy of military and ideological confrontation on the European soil, Yugoslav Presidency President Dr Borisav Jovic assessed on Wednesday [21 November].

An agreement was reached in Paris on Europe's future relations, obliging all member-countries to abide by its principles, Jovic told Yugoslav and foreign journalists after the summit closed.

Jovic said the summit was a major event in Europe's history as the continent is making a transition to relations built on confidence, friendship, understanding and respect of the human rights and freedoms.

Such options, however, make it obligatory for all member- countries to apply the Paris agreement at home, said Jovic.

The summit's significance lies not only on the defining of Europe's future but also on the fact that the meeting clearly pointed at the world's current problems—including the still existing gap between the rich and the poor, i.e. the north and the south, difficulties burdening countries shifting to market economy, international relations and national minorities—which have to be tackled jointly in the future.

Asked by Radio France International about the causes of Yugoslavia's constitutional and economic crisis, Jovic recalled that Yugoslavia was one of the first countries in Eastern Europe to embark upon a road of market economy and that this orientation has already produced positive results: stable balance of payments and national currency.

Federation, as an organization of the state, has proved itself a good system, Jovic pointed out, adding that Yugoslavia's accumulated problems were the result of a failure to deal with them in time.

The Paris summit also provided as positive and important Yugoslavia's non-aligned policy because precisely the Non-Aligned Movement's aims of bringing about an end to the cold war and surmounting the differences between the blocs were the summit's main achievement, said Jovic.

Jovic, Loncar Return From Paris

LD2211144290 Belgrade TANJUG Domestic Service in Serbo-Croatian 1232 GMT 22 Nov 90

[Text] Belgrade, 22 Nov (TANJUG)—Dr. Borisav Jovic, president of the SFRY Presidency, who headed a Yugoslav delegation to the CSCE summit in Paris, returned today to Belgrade. Budimir Loncar, federal secretary for foreign affairs, also returned with Jovic and his delegation.

The CSCE summit ended yesterday by adopting the Paris charter which was signed by the heads of all the participating delegations. Before his departure for Belgrade Jovic held a press conference at which he deemed the summit as the most important event in the postwar history of both Europe and the world.

At Belgrade Airport the SFRY Presidency president and the Yugoslav foreign secretary were welcomed by Rizu Sapundziju, member of the SFRY Presidency; Suadi Muminagic, vice president of the SFRY Assembly; Petar Gracanin, federal secretary for internal affairs; and other officials.

Official Criticizes CSCE Statement on Slovenia

LD2111113290 Belgrade TANJUG Domestic Service in Serbo-Croatian 2140 GMT 20 Nov 90

[Text] Paris, 20 Nov (TANJUG)—The statement by Dimitrije Rupel that Slovenia dissociates itself from the speech of the head of the Yugoslav delegation at the Paris CSCE, Dr. Borisav Jovic, oversteps the bounds of international practice and exceeds the limits of civilized behavior, spokesman for the Yugoslav delegation, Pavle Jevremovic, said today.

We must show tolerance with what is happening in our country, and it is not good to move our internal disagreements to the international stage, Jevremovic said. That certainly does not contribute to consolidating Yugoslavia and presents an ugly picture of Slovenia, as well.

Asked whether the members of the delegation were previously acquainted with the text of the speech by Presidency President, Jevremovic replied that they were and that it was endorsed as a collective speech.

At the news conference with the spokesman of the Yugoslav delegation, journalists also learned that the Slovenes wanted to hold their own news conference, of which they had not been informed.

Jevremovic explained that the organizers of the CSCE were "unpleasantly surprised" by such a request, rather by the fact that a member of a delegation should not speak on behalf of the country he officially represents. This would also break with the practice of the CSCE, and permission was, therefore, not given.

It was learned that the Slovene representatives in the delegation, nevertheless, held a news conference, but on the premises of Ljubljanska Banka, in Paris.

It was also stated that the Croatian representative in the Yugoslav delegation, Frane Golem, left Paris today.

Rupel Says Slovene Delegation's Activity Hampered

LD2211195190 Belgrade TANJUG Domestic Service in Serbo-Croatian 1634 GMT 22 Nov 90

[Text] Ljubljana, 22 Nov (TANJUG)—Slovene Minister of Foreign Affairs Dimitrij Rupel stressed today at a news conference at Ljubljana Airport upon his return from the Paris CSCE meeting that the Slovene part of the Yugoslav delegation had contacts with several politicians, members of different delegations, statesmen, and journalists.

Rupel said he had meetings with Czechoslovak President Vaclav Havel, Austrian Minister of Foreign Affairs Alois Mock, members of the U.S. delegation, and others. All foreign ministers received documents prepared by the Slovene Ministry of Foreign Affairs about Slovene views on the role of the CSCE and Slovene status within Yugoslavia.

Dimitrij Rupel assessed very negatively the activity of the Yugoslav delegation. He claimed that delegation members did not cooperate and that they prevented Slovenes from making contacts. Timely Slovene objections to the platform of the Yugoslav delegation and to Borisav Jovic's speech were disregarded.

According to Rupel, appropriately "trained" delegation members even physically prevented Slovenes from distributing their information documents. Yugoslav delegation officials, Rupel claimed, cancelled a scheduled news conference, which the Slovene part of the Yugoslav CSCE delegation should have held, behind the Slovenes' backs. Rupel, however, succeeded in contacting journalists of the French paper LA CROIX, THE INDEPENDENT, AFP news agency, and others.

Proceeding from this experience, Rupel concluded that the Slovenes would never again travel in a similar way. He also voiced conviction that "something will have to happen in Slovenia" and that following the plebiscite in Slovenia, they would not have to act in this manner on the international scene. He also mentioned his meeting with representatives of the French Commission for Cooperation with East Europe, when French export aid was discussed. The visit to Paris was also used to "gauge" views of international forums and diplomats about the process of democratization and increasing independence in Yugoslavia. In connection with this, Rupel acknowledged that "it will be difficult and will take long for Slovenia to gain international recognition", because Europe fears possible chaotic situation and changes, and wants, above all, peace in this part of the continent.

Slovenia Decides To Hold Independence Plebiscite

LD2211033990 Belgrade TANJUG in English 0209 GMT 22 Nov 90

[Text] Ljubljana, November 21 (TANJUG)—Parliament of the Republic of Slovenia, northwestern Yugoslavia, opted this evening for holding a plebiscite on Slovenia's independence which should take place, under a passed draft law, between December 15 this year and January 15 next year. The constitutional commission of Slovenia's parliament was ordered to prepare, until November 27, a plebiscite bill.

According to Slovenia's official interpretations so far, a plebiscite is no de facto of secession, but a step towards Slovenia's becoming a substantive entity. Most often recommended has been that a plebiscite should be awaited until the end of multiparty elections in all of Yugoslavia's six republics and that a possibility be left for new leaderships in Yugoslavia's republics to make their stands known on Slovenia's and Croatia's proposal for a confederal order in Yugoslavia.

Dr. France Bucar, president of Slovenia's parliament, and Lojze Peterle, Slovenia's prime minister, insisted at

today's session on a plebiscite considering that to let this historic moment for becoming substantive pass could be fateful for Slovenia.

On the way to a new development cycle Slovenia is facing a strenuous transition period and it would more easily pass through it as substantive than within the Yugoslav federation, Peterle explained.

The opposition representatives in parliament cautioned about the extremely unfavourable situation in the republic, about a threatening social crisis and about the international public which is not looking with favour at the intended act of secession of this Yugoslav republic.

Slovenia's political leadership was requested to, in expectation of a plebiscite. Acquaint the public with all possible consequences awaiting Slovenia and with the possibility of international isolation.

Slovenia's President on Plebiscite, Independence

LD2111065890 Belgrade TANJUG in English 2356 GMT 20 Nov 90

[Text] Ljubljana, 20 Nov (TANJUG)—The affirmation of independent national states in Yugoslavia is a precondition for surmounting the present constitutional blockade, Presidency President of the Yugoslav Republic of Slovenia Milan Kucan said on Tuesday [20 November].

Addressing a meeting at the territorial defence training centre in Poljce, near Ljubljana, Kucan devoted most of his speech to the announced plebiscite in Slovenia.

In Kucan's view, the plebiscite would not constitute an act of secession but a necessary step on Slovenia's way of gaining independence, and establishing sovereignty and statehood. The Slovenian president warned that a process of "shaking loose" of the old system was necessary.

Speaking of Yugoslavia's future system, i.e. the federation-or-confederation dilemma, Kucan said that an integration on the present basis was out of the question. He said the Yugoslav peoples needed a new agreement on their life together and admitted that ideas in this respect differed, in accordance with different interests of the Yugoslav republics.

All republics, including Slovenia, contribute to the current constitutional blockade, said Kucan. The current Yugoslav Constitution generates the crisis, and, for this reason, cannot be a basis for new solutions, he added.

Kucan appealed to all responsible figures to direct their attention to social and economic questions, rather than to distinctly political problems, warning that the standard of living in Slovenia was markedly deteriorating.

Mencinger Views Cost of Independence

LD2111065390 Belgrade TANJUG in English 0013 GMT 21 Nov 90

[Text] Ljubljana, 20 Nov (TANJUG)—Dr Joze Mencinger, deputy prime minister of the Yugoslav Republic of Slovenia, on Tuesday [20 November] told the republican parliament that the Slovenian Government was calculating the cost and preparing a scenario of Slovenia's independence.

Slovenia, whose first non-communist government came to power last April, advocates a confederal system in Yugoslavia.

A plebiscite on Slovenia's independence has been called for January.

In a report on the republic's economic situation, Mecinger indicated some possible consequences of Slovenia's becoming independent: a loss of the Yugoslav market, a blockade by international financial institutions, which recognize Yugoslavia as an integral country alone, and lasting negotiations on the division of Yugoslavia's property.

Mencinger informed parliament that Slovenia, Yugoslavia's most developed republic, was facing a financial collapse and that his government was not able to prevent this.

Slovenia's economy has recorded a 368-million-dollar foreign deficit in the January-October period, Mencinger said. Another problem is rapid growth of unemployment in the republic.

To help ease the problems, Mencinger proposed that parliament authorize the government to take measures for preventing the outflow of Slovenia's funds to the federation.

The Slovenian parliament will resume session on Wednesday to discuss the plebiscite on the republic's independence.

Slovenia Rejects FEC Military Service Decision

LD2211034790 Belgrade TANJUG Domestic Service in Serbo-Croatian 2128 GMT 21 Nov 90

[Text] Ljubljana, 21 Nov (TANJUG)—The Republican Secretariat for the National Defense of the Republic of Slovenia has issued a statement in connection with the decision of the Federal Executive Council [FEC] on the execution of certain tasks relating to military service on the territory of the Republic of Slovenia, in which it is stressed "that neither formally nor in terms of content are there reasons for accepting such a decision".

The statement says that the Republic of Slovenia has regularly fulfilled the plans of the federal organs for the peace time reinforcement of the Yugoslav National Army, while observing the stances of the Republic of Slovenia of 19 July 1990, which is shown by the fact that

more than 70 percent of recruits from Slovenia have supplemented Army Units. This confirms that it is not a case of failure to observe the federal law. Therefore, in the view of the Republican Secretariat for National Defense, there is no reason for the use of Amendment 37 to the SFRY Constitution.

This is all the more significant if it is noted that certain republics and provinces, at various periods this year, according to available information, failed to provide even such a percentage of recruits for the peace time reinforcement of the Army. The Republic of Serbia, as the statement of the Republic Secretariat for National Defense of Slovenia says, sent only 40 percent of the designated contingent to do military service. It is further stated that the Assembly of the Republic of Slovenia determined by amendment to the Constitution of the Republic of Slovenia and constitutional law that the obligation of military service should be carried out as a rule on the territory of the Republic of Slovenia, and at the same time determined that in Slovenia the article of the federal law on military service which envisages that the military organ designated by the federal Secretary for National Defense may directly contact the municipal organ responsible for military service, with the aim of implementing recruitment plans and plans for supplementing the Armed Forces, as well as other plans for carrying out military service and tasks relating to these plans, should not be implemented.

The statement says "that it is clear from the above that not even the formal-legal prerequisites for the adoption and use of the said decision of the FEC on the territory of the Republic of Slovenia have been fulfilled".

In conclusion, the statement stresses that "the competent organs of the Republic of Slovenia are bound to prevent unconstitutional and illegal behavior and to avoid the consequences of discrepancy between federal and republican regulations being felt by individual citizens of Slovenia".

Slovene Economy Reportedly in 'State of Collapse'

LD2211163190 Belgrade TANJUG Domestic Service in Serbo-Croatian 1146 GMT 22 Nov 90

[Text] Ljubljana, 22 Nov (TANJUG)—The Slovene economy is in a state of collapse. The first wide-ranging consequences of the collapse will significantly exacerbate the social situation in Slovenia in the next few months. According to data presented today at a session of the Administrative Committee of the Slovene Economic chamber, the downturn in production was 10.1 per cent in the January-November period. The trade deficit with hard currency countries exceeded $600 million. Some 309,000 people, i.e. almost 40 per cent of all people in employment in Slovenia, are employed by loss-making enterprises. These people are in serious danger of soon not receiving their salaries.

The session stressed that municipalities, whose treasuries are almost empty, cannot provide a cash injection for loss-making enterprises. Furthermore, the Ljubljanska Banka, hitherto the most solvent institution in Slovenia, is in a state of "total collapse."

Election Results Noted in Bosnia-Hercegovina

'No Major Upsets' Reported

LD2211163690 Zagreb Domestic Service in Serbo-Croatian 1400 GMT 22 Nov 90

[Text] The counting of ballot papers and the summing up of the results of the first multiparty elections in Bosnia Hercegovina were completed today. It will take a few more days, however, before the final results can be announced, although it is already clear that no major upsets in the present position are to be expected.

The three national parties convincingly lead in the elections for the Bosnia-Hercegovina Presidency, for the two chambers of the republic's new parliament, and for local authorities. The following have already secured their membership in the republic's presidency: Fikret Abdic, Alija Izetbegovic, Stjepan Kljuic, Franjo Borsa, Biljana Plavsic, Nikola Koljevic, and Ejub Ganic.

The Democratic Action Party has won the largest number of seats in the Chamber of Citizens—42. It is followed by the Serbian Democratic Party—36, and the Croatian Democratic Community [HDZ]—20. In the first round of voting 55 deputies, all representatives of the three national parties, have already secured seats in the Chamber of Municipalities. Deputies from the other 55 municipalities will be known after the second ballot on 2 December. Of the 55 deputies in the Chamber of Municipalities who succeeded in gaining more than half the votes 13 came from the HDZ.

In about 40 words elections will have to be held again because of the failure to adhere to election procedure. The repeat ballot will most likely take place on 25 November.

Muslim Candidates Leading Returns

AU2111185690 Belgrade Domestic Service in Serbo-Croatian 1800 GMT 21 Nov 90

[Text] The processing of 2.5 million ballots in Bosnia-Hercegovina shows that the candidates of the party of Democratic Action, Fikret Abdic and Alija Izetbegovic, are leading in the elections for members of the republican Presidency. According to the information of the center for electronic data processing, they are followed by the candidates of the Serbian Democratic Party, Biljana Plavsic and Nikola Koljevic, and the candidates of the Croatian Democratic Community, Stjepan Kljujic and Franjo Bores.

Repeat Voting Set for 25 Nov

LD2211213590 Belgrade TANJUG in English 1903 GMT 22 Nov 90

[Text] Sarajavo, 22 Nov (TANJUG)—The Republican Election Commission of the multi-national Yugoslav Republic of Bosnia-Hercegovina today decided that voting should be repeated in 86 polling stations in 19 municipalities because of established irregularities in the elections last Sunday.

A total of 58,183 voters will have to cast their ballots again in the first multi-party elections in this Yugoslav republic on Sunday, November 25.

The republican Election Commission decided that the second round of voting for deputies in the Chamber of Communes of the two-chamber republican parliament will be held on December 2. The second round of elections will be held in 55 communes where the electorate will choose from between the two candidates who won the biggest number of votes in the first round, but failed to get over 50 percent of the electorate's votes.

It is possible that the Election Commission will present the official results of the Sunday elections (with the exception of the polling stations where voting will be repeated) tomorrow.

As planned, elections in the Republic of Bosnia-Hercegovina should be completed on December 25, when the republican assembly and the municipal assemblies should be constituted.

Bosnian Parties To Recognize Election Results

AU2211162690 Sarajevo OSLOBODJENJE in Serbo-Croatian 20 Nov 90 p 1

[E. Habul report: "Parties Recognize Elections as Legitimate"]

[Excerpt] Leaders of the leading parties in Bosnia-Hercegovina recognize the elections as legitimate. They also agree that there were irregularities in many polling stations and that these were primarily caused by improper lists of voters. Nobody will demand the total renewal of the elections but only a repeat of elections in those places where omissions endangered the regularity of elections.

These views were presented last night at a news conference of the representatives of different political parties: the Serbian Democratic Party, the Party of Democratic Action, the Muslim Bosniak Organization, the Croatian Democratic Community, League of Communists-Socialist Democratic Party, the Alliance of Reform Forces, the Party of Yugoslavs, the Democratic Socialists Alliance, and the League of Socialist Youth-Democratic Alliance.

Although the results were still coming in, the representatives of national parties were optimistic that they will win, saying that this expected. Unlike them, the parties of the left bloc were surprised by the initial results. Particular attention drew the statement by Emina Keco, representative of the League of Communists-Socialist Democratic Party, who said that the state organs made manipulation of elections possible by giving in to the pressure of national parties. In the past, such accusation used to come from the opposite direction, from national parties. [passage omitted]

Bosnian Communists Conditionally Accept Results

LD2111113790 Belgrade TANJUG Domestic Service in Serbo-Croatian 1413 GMT 20 Nov 90

[Text] Sarajevo, 20 Nov (TANJUG)—The League of Communists [LC] of Bosnia-Hercegovina-Social Democratic Party considers that it has scored a moral victory, regardless of election results.

It was stated at its regular news conference today that this party will recognize election results wherever elections are held without any irregularities and incidents. The Communists will call, however, for the elections to be repeated in all those areas where irregularities and omissions are proved by grounded arguments.

Even if elections are annulled and repeated in some areas, the Communists will not be able to have confidence in a state that obviously let them down by the mere fact that it permitted numerous omissions to take place.

There were examples, in Mostar for instance, that two days before the elections a man was spotted in a street in Mostar, on whom the LC has full details, who carried a bagful of forged ballot papers. In Gracanica, original ballot papers were left in a printing house for two days without any supervision. A petition came from Bosanska Krupa, signed by more than 100 citizens who claim that they and their families could not exercise their election rights, Such and similar examples abound, and if proved true, the LC may call for the annulment of elections in Bosanska Krupa, Zvornik, Bosanski Samac, Bratunac, Trebinje, Prijedor, Maglaj, and Tesanj.

The Communists did not have their own observers at all polling stations, but wherever their observers were present they experienced pressure and aggressive attitudes, so this party believes that criminal charges will be brought against many people, especially because many observers had to flee their polling stations.

The election results so far, Dr. Zlatko Lagumdzija said, show that elections are a path toward an age of national homogenizations. Lagumdzija said, however, in front of us lies an age of civil homogenizations which is characteristic of civilized Europe and which should emerge on the surface as soon as possible.

Petition Signed for Serb-Montenegrin Unification

AU2211093490 Belgrade BORBA in Serbo-Croatian 13 Nov 90 p 3

[Unattributed report: "Petition of the Movement for the Unification of Serbia and Montenegro"]

[Text] Belgrade—More than 10,000 citizens of Serbia and Montenegro have signed a petition for a referendum on the unification of these two republics into a unified state. Some of these citizens took this opportunity to join the movement. This was said in a statement issued by the Movement for the Unification of Serbia and Montenegro which was submitted to TANJUG yesterday.

Even though the movement heeded the citizens' signatures and sent an official appeal to the Assemblies of these two republics on 26 October to schedule a referendum, neither this nor other information about the movement has appeared in the media in Montenegro, the statement stresses.

Serbia's Milosevic Addresses Nis People's Rally

AU2111163690 Belgrade Domestic Service in Serbo-Croatian 1400 GMT 21 Nov 90

[Report on speech, by Serb Presidency President Slobodan Milosevic, by Milorad Jovic, Mirjana Trajkovic, and Dragan Dimitrijevic, in Nis on 21 November]

[Text] Slobodan Milosevic, president of the Presidency of Serbia, spoke at a large people's rally in Nis in front of, as the organizers estimated, 200,000 inhabitants of the southern part of the republic. President Milosevic said that Serbia holds both the present and the future in its hands, and that they should make progress in peace, harmony, and work. Here is a report on Milosevic's visit to Nis by Milorad Jovic, Mirjana Trajkovic, and Dragan Dimitrijevic:

[Reporter] More than 250,000 inhabitants of various places from the southern Serbia area greeted Slobodan Milosevic, president of the Presidency of Serbia, with applause.

[Begin Milosevic recording] [cheers] I greet you, convinced that this meeting represents an expression of great support for the policy being conducted by the leadership of our republic and for efforts that are being made to resolve our problems. The broadest public, in Serbia and Yugoslavia, are greatly concerned about the fate of the country and its citizens. This concern is justified and refers, above all, to the danger of violence and war. All great projects, projects for economic revival, democracy, and cultural renaissance, along with all these ideas, big and small, could be endangered if we allow confrontation and bloodshed.

Therefore, our greatest joint project, more important than any other project, should be peace. In peace we can make great progress in a just economic and social revival. In war and in clashes, we must do nothing but lead the people into a situation in which they will be hungry and exhausted, as has happened on many occasions throughout history. This is a past experience that must not be repeated.

We are a small nation and have been experiencing an economic and political crisis for almost 10 years. If we did not have enough sense and desire to unite and mobilize to harmoniously achieve the great project of surmounting the economic and political crisis, our path would lead to long lasting instability, regression, and chaos. This is the time for the citizens of our republic to understand this, because, there is actually no real reason to enter a war. It would not bring us anything but victims and destruction. What we need are development and progress. Under the present conditions in the world and Yugoslavia they would not be brought about by war but peace.

Serbia is facing elections which will decide whether we will opt for peace and economic and cultural prosperity or clashes and hatred which will block all our previous efforts to surmount the crisis and live better. [cheers] The forthcoming elections are a big test for all citizens of Serbia. At these elections they will themselves make a choice between going back to the past and the road to the future, between clashes and cooperation among people, between spiritual backwardness and cultural development, between economic fragmentation and economic prosperity.

I hope that the citizens of Serbia will opt for the future, for cooperation among peoples and nationalities, for cultural development, and for economic prosperity. [cheers]

It is indisputable that we have had a past that we can be proud of, but many people today are offering the past to the Serbian people as the only answer to all the questions that are bothering us. Unfortunately, the past cannot resolve any problems of the present. The agitators for such an attitude toward the past are not under an illusion because of ignorance and nativity, and are not under an illusion at all. On the contrary, they are the representatives of that historic primitivism which, under the cloak of alleged patriotism, aims to destroy everything that is progressive, modern, and democratic in our postwar development and today.

It is not an accident that these dark forces hold the view that everything that Serbs have done in the past since the beginning of their history, is good and the only thing that is bad is that they were partisans, that they joined the struggle for freedom and socialism. In their view we should have served Hitler and the occupiers, we should have hated [cheers, shouts of "Slobodan"], in their view [repeats himself] we should have served Hitler and the occupiers; we should have hated all other Yugoslav peoples who are not Serbs and keep Serbs, who include few rich and many poor people, in backwardness and on the edge of history and the world. [cheers]

Therefore, the citizens of Serbia are obliged to say and decide, both for their own sake and the sake of those generations that will live on this territory after us, that they neither want to go back into the past, nor do they want to be anybody's servants [cheers].

We must make up our minds, join together, agree, and unite, for work, education, and creativity, instead of weeping over the past. The past should be left to history and we should take the present into our own hands in a determined, realistic, and resolute way and call a halt to everything that happened in the past. [cheers] [end recording]

[Reporter] The Stevan Sindjelic square in Nis was too small for all those who wanted to see and hear Slobodan Milosevic. The people assembled in the square and all surrounding streets that were equipped with loud speakers listened Milosevic's speech carefully, often interrupting it with applause and shouts of support for Serbia, its leadership, and President Milosevic.

In addition to the citizens of Nis, the meeting was also attended by tens of thousand of inhabitants of Leskovac, Vlasotince, Vranje, Zajecar, Pristina, Urosevac, and Kosovo Polje. They came by trains, buses, and private cars.

At the square, the people held the Serbian and Yugoslav flags, and a great number of banners. Here is what some of the banners read: We write the name of Serbia with our hearts; Slobodan, do not allow lives to be lost; Serbia is the voice of the people, Slobodan is the voice of the people.

Also, there were many flags of the Socialist Party of Serbia and banners supporting the socialists.

[Reporter] After the Yugoslav anthem was played, the meeting was opened by Zivita Zivkovic, president of the Nis Communal Assembly. We are proud of Serbia, Zivkovic said, and demand a harmonious Yugoslavia in which everybody will be on an equal footing. We want a federation in which relations are fair, a Yugoslavia without internal colonies, unclear accounts, ideological fog, and nationalist darkness, Zivkovic stressed. Those who want to deprive us of our beliefs in such a country, he said, should know what will be done in Serbia if Yugoslavia ceases to exist.

The crowd was also addressed by Radmilo Spasic, a worker of the Nis machine building factory. He said that the workers are concerned about their future and that disregard for a comprehensive social policy intensifies this concern. The workers are aware, Spasic said, that they were led in this situation by the inappropriate measures of the Federal Executive Council.

Milovan Videmovic, a farmer from Sicevo, expressed the belief that the leadership of Serbia will persist in the struggle for modern rural areas and that the Serbian Assembly will make a just decision to return the confiscated land to peasants.

Democratic Party Seeks Postponement of Elections

LD2111235790 Belgrade TANJUG in English 2027 GMT 21 Nov 90

[Text] Belgrade, November 21 (TANJUG)—The Democratic Party, one of the most influential in Serbia, has officially asked the Serbian parliament to postpone the republic's multiparty elections for the last week of December.

The party maintains that many changes made in the Serbian election law in the pre-election period and the unsatisfactory work of technical staffs preparing the elections scheduled for December 9, may influence their outcome.

The Serbian Parliament is to meet tomorrow to adopt a final decision on the five amendments the opposition parties proposed to the election law. Among other things, they demanded control of the vote-counting, which they said would enable a fair political contest. Dissatisfied with the election law, eleven opposition parties in Serbia have stated so far they will boycott the elections.

The Democratic Party said at today's press conference that it did not plan to put up its candidate for the presidential elections and suggested that its members should vote for any opposition candidate. However, it urged them specifically not to vote for the current Serbian President Slobodan Milosevic, who had been nominated by the Socialist Party of Serbia (former communists).

Kosovo Albanians To Boycott Serbian Elections

LD2211130190 Belgrade TANJUG Domestic Service in Serbo-Croatian 1111 GMT 22 Nov 90

[Text] Pristina, 22 Nov (TANJUG)—The leaders of Albanian political parties and organizations in Kosovo have decided not to take part in forthcoming elections in Serbia and have called on their members and followers to boycott the elections. The call is contained in a joint statement issued today by the leaders of Kosovo Albanians. The decision is explained by the fact that contrary to their insistence and demand that Kosovo and the Albanians should be an independent and equal entity within the Yugoslav federation the Serbian authorities have, without considering the will of the Albanians, promulgated the constitution of united Serbia which collides with the constitution of Yugoslavia. In this way Serbian authorities have deprived Kosovo of its autonomy and the identiy of [words indistinct].

To vote for the Serbian assembly and its president under present conditions would amount to the acceptance of suppressed autonomy and the violation of the Yugoslav Constitution, the leaders of Kosovo Albanians said.